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Starr Opens Impeachment Inquiry by Denouncing Clinton

Japan Feels President's 'Magic' in Tokyo Talk

By Kevin Sullivan and John F. Harris
Washington Post Service

TOKYO — Harumi Kato is mad at Bill Clinton and thinks the president and everyone else in the United States should butt out of Japan's financial problems.

But Thursday evening, as she walked out of the television studio where Mr. Clinton held one of his trademark "town meetings," she pronounced herself smitten. "Tonight, I felt the magic of Clinton."

"He was not trying to be a big man; he was like one of us," said Mrs. Kato, 29, a Tokyo office worker. "We were surprised that he could answer all of our questions. No Japanese politician could do that."

It was a remarkable convergence of political cultures on nationally televised display. Mr. Clinton brought his signature brand of personal buster — he said he loves Kirin beer and sushi — and policy semiotics to a nation accustomed to austere reserve and little working knowledge of issues from its political leaders.

The audience of 125 people apply reflected the mixed feelings that many Japanese these days have about the United States and its leader, who is making his first visit here in more than two years.

The first questions were polite to the point of fawning: How did Mr. Clinton handle the pressure of his job? What was his favorite meal that Mrs. Clinton cooked for him? (Chicken enchiladas.) But others revealed a clear undercurrent of grievance: Why was he favoring China over Japan? Why are Americans trying to pry open Japanese agricultural markets at the expense of the Japanese family farmer?

And one homemaker from Osaka proved that there are some subjects he cannot avoid on either side of the Pacific. "How did you apologize to Mrs. Clinton and Chelsea? I feel I would never forgive my husband for doing that. Did they really forgive you, Mr. President?"

The audience gasped at what some felt was an impudent reference to the controversy over his affair with Monica Lewinsky, a former White House intern, but Mr. Clinton responded curtly: "Well, I did it in a direct and straight-

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Greg Gajjar/The Associated Press



Bill Clinton leading a televised town hall meeting with Japanese citizens in Tokyo on Thursday, the same day the independent counsel, Kenneth Starr, was sworn in before the House Judiciary Committee to testify on his call for impeachment over the president's relationship with Monica Lewinsky.

He Charges The 'Search For Truth' Was Blocked

By Brian Knowlton
International Herald Tribune

WASHINGTON — Kenneth Starr, the independent counsel who has spent most of this year investigating the Monica Lewinsky scandal, laid out his case for the impeachment of President Bill Clinton on Thursday in a dramatic appearance before the House Judiciary Committee.

As the first and probably most important witness in the third presidential impeachment inquiry in U.S. history,

Excerpts from Starr's testimony to House committee. Page 4.

The Prosecutor's 4-Year Pursuit of a 'Pattern'

By Eric Schmitt
New York Times Service

WASHINGTON — Late last year, Kenneth Starr wrote a draft impeachment report centering on President Bill Clinton's purported involvement in the complicated Whitewater land deal, but he decided not to send it to Congress.

The independent counsel shelved the report after concluding that the key witnesses accusing Mr. Clinton of wrongdoing were felons whose credibility was suspect.

The description of what brought Mr. Starr and his prosecutors to the brink of a confrontation with the

president is outlined in the 58-page presentation that the independent counsel delivered Thursday in his high-stakes appearance before the House Judiciary Committee in its impeachment inquiry.

In his statement, Mr. Starr exonerates Mr. Clinton of personal culpability in several other inquiries, including the dismissal of the White House travel office staff and the administration's improper gathering of hundreds of FBI files on former Republican officials.

But the independent counsel makes clear that the travel office investigation "is not terminated," with an announcement of "decisions and actions soon." Mr. Starr also notes there are still "outstanding issues" involving one person in the FBI files matter.

Mr. Starr's testimony represents the most detailed accounting of his investigations outside the Monica Lewinsky matter since his August 1994 appointment.

In summing up the four-year, \$40 million inquiry, Mr. Starr says, "The pattern of obstruction of justice, false statements and misuse of executive authority in the Lewinsky investigation did not occur in a vacuum."

As the prosecutor sought to show a pattern of obstruction and stonewalling by the Clinton administration, he emphasized, and reserved his strongest language for, the Arkansas land deal.

The basic outlines are well known. Madison Guar-

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Japan's Liberal Democrats Cut Deal With Defector

By Stephanie Strom
New York Times Service

TOKYO — Politics took a turn to the usual here Thursday as the governing Liberal Democratic Party opted for political expedience and agreed to form a coalition government with its archenemy, Ichiro Ozawa, and his Liberal Party.

The alliance will strengthen the party's sway in Parliament, mollify its restive hard-liners and give it sure support in upcoming budget debates.

"I am happy that we have agreed to work together on various policies with strong cooperation in the

parliamentary session and on the 1999 budget discussion," said Prime Minister Keizo Obuchi, who finalized the deal with Mr. Ozawa after three and a half hours of talks Thursday afternoon.

But the agreement, to be formalized in January, leaves the Liberal Democrats 11 votes short of a simple majority in the Upper House and may drive a wedge between the conservative and progressive wings of the party.

Some observers said that intraparty bickering might further destabilize the already splintered Liberal Democrats and divert their attention at a time when the country faces its most severe postwar economic downturn.

"I think this will simply complicate the political decision-making process and waste time," said Takeshi Sasaki, a professor of political science at Tokyo University.

But the currency market took the alliance as a sign that the government would be able to push its agenda more smoothly. The yen gained against the dollar immediately after the coalition was announced.

For Mr. Ozawa, the agreement is a stunning coup. A defector from the Liberal Democrats, he was threatened with political obscurity after his second

See JAPAN, Page 8

Italy and Germany Vow Budget Rigor

Ministers Endorse Stability Pact

By Alan Friedman
International Herald Tribune

ROME — Oskar Lafontaine, Germany's left-leaning finance minister, took a step toward the political center Thursday as he and Italy's treasury minister, Carlo Azeglio Ciampi, promised to stick to Europe's Growth and Stability Pact, which requires fiscal rigor among the 11 nations that will adopt the European single currency on Jan. 1.

During his first foreign visit to meet his European counterparts, Mr. Lafontaine distanced himself from suggestions by other European officials that it might be necessary to soften the terms of the Stability Pact in order to finance job-creation programs.

Mr. Lafontaine still struck familiar themes, however, such as the need to manage currency levels among the euro, the dollar, and the yen, and his view that Europe had achieved sufficient price stability to allow for interest rates to drop further.

Mr. Lafontaine's trip took him from Rome to London where he met Gordon Brown, Britain's chancellor of the Exchequer. Mr. Lafontaine and Mr. Brown announced two initiatives as Britain moved to deepen its rapport with Germany's Social Democratic government and increase British influence on European economic policy-making. (Page 15)

In an interview here, Mr. Lafontaine also said Germany was "open to discussing pan-European public spending on



Oskar Lafontaine joined his Italian counterpart in Rome on Thursday in pledging fiscal discipline.

investments that would boost growth and employment." Among the ideas Mr. Lafontaine said were worth considering was the issuance of Eurobonds to finance trans-European infrastructure investments similar to those proposed at the

See LAFONTAINE, Page 8

West Bank Transfer Wins Final Approval by Israel

By Deborah Sontag
New York Times Service

JERUSALEM — Israel will start transferring 500 square kilometers of the northern West Bank to Palestinian control by early Friday morning after its cabinet gave final clearance on Thursday to the first of three pullbacks under the new peace plan.

The Israeli Army is preparing to withdraw from 7 percent of the West Bank now under joint control and to transfer 2 percent more to Palestinian civil control. It is mostly rural land between Jenin and Nablus, sparsely populated, with about 30 villages and towns.

In Kabatia, one of two large towns there, the mayor, Muhammad Ibrahim Abn Rab, said there were no specific plans yet for a celebration. No one knew what would happen and when it would happen, he said.

The town of 17,000 residents is already under Palestinian civil control, but the Israelis will turn security control over to the Palestinian police. Since the Israelis do not operate a base there, however, there will be no visible with-

drawal. "We won't be able to tell that we are liberated until we get a call from the Palestinian authorities," Mr. Abn Rab said.

"When we get the instructions, then we will hold a rally and decorate the town. Everyone is waiting for this, waiting to be free of the Israelis. The troops have made their last raids here, their last arrests."

The governor of the Jenin region, Zuhair Manasra, said that Israeli and Palestinian officials would tour the area together Friday, marking borders and deciding where checkpoints will be placed.

It will be Israel's first withdrawal from the West Bank since it pulled out of most of the now-divided town of Hebron in early 1997.

The cabinet's go-ahead presented a clear sign that the carrying out of the peace plan was under way after weeks of delay and belated rhetoric.

The ministers, however, granted only lukewarm backing to the first withdrawal, the latest indication of Prime Min-

See ISRAEL, Page 8

High Smoking Rate Bodes Ill for China

2,000 a Day Die From Related Diseases; 'Epidemic' May Be Just Taking Off

By Elisabeth Rosenthal and Lawrence K. Altman
New York Times Service

BEIJING — Scientists have calculated for the first time the devastating health toll of cigarette smoking in China and declared the country to be on the verge of a major epidemic of smoking-related deaths that they said may well kill one in three Chinese men.

In a country where 70 percent of men smoke, there are now 2,000 smoking-related deaths a day, more than any other country in the world, the researchers said. And that number may increase to 8,000 a day by the middle of the next century.

"There is an unprecedented epidemic of smoking deaths," Chen Zhengming,

a Chinese researcher now based at Oxford University, said at a press conference in Beijing. "And China is still in the early stages of the epidemic."

In two papers being published Friday in the British Medical Journal, researchers from China, Britain and the United States outline the emerging epidemic with abundant statistics.

For example: In China, middle-aged smokers are three times as likely to get lung cancer as nonsmokers. They are twice as likely to die of tuberculosis. Today, more than 12 percent of deaths among men are related to

smoking, and the number is increasing.

The studies, which involved interviewing more than a million people scattered across China, represent an impressive technical achievement — the largest epidemiological study ever to examine the connection between cigarettes and death.

But more importantly, their authors, mostly doctors from China's prestigious medical academies, hope this bleak and very specific picture of the devastating effect cigarettes are having in their homeland will energize China's nascent anti-smoking campaign, much as the 1964 U.S. Surgeon General's Report opened Americans' eyes to the hazards. In China, "most people don't under-

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AGENDA

The Dollar			
New York	Thursday @ 4 P.M.	previous close	
DM	1.6859	1.6766	
FF	119.6	121.8	
Yen	5.6555	5.6185	
Pound	1.6655	1.6707	
Dollars per pound			
The Dow			
Thursday close	previous close	change	
+14.94	9,056.05	+0.17%	
S&P 500			
Thursday close	previous close	change	
+8.13	1,132.61	+0.71%	
Nasdaq			
Thursday close	previous close	change	
+22.22	1,819.66	+1.17%	
The Intermarket			
			Pages 7, 13.

Turkish Legislators Set Confidence Vote

ANKARA (AP) — Parliament decided Thursday to proceed with a confidence vote next week that is expected to topple the Turkish government.

The vote on whether to hold a vote was 311 to 213, a signal that Prime Minister Mesut Yilmaz's minority coalition is unlikely to survive the confidence motion. It will take only 276 votes to topple his government.

Parliament will debate the motion Monday and vote Wednesday.

The opposition accuses Mr. Yilmaz of having ties to organized crime and tampering with the privatization of a state bank. He denies the charges. Ankara rebuffs Rome, Page 6.

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Divorced Spouses Fight UN's Deadbeat Dads

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THE AMERICAS

Catholics Bring Abortion Debate to the Fore

By Hanna Rosin
and Thomas B. Edsall
Washington Post Service

WASHINGTON — America's top Roman Catholic leaders have started an aggressive campaign to lobby against abortion and to mobilize parishes across the country into a powerful new voting bloc against candidates who support abortion rights. The bold assertion Wednesday by the country's Catholic bishops marks a new era in the church's political activism. While the church's 400 U.S. bishops have always strongly opposed abortion, many have been reluctant to impose their views in public arenas. Not since the 1970s have they vowed as a group to so directly and visibly influence politicians and voters on such a crucial issue. Their decision means that

the bishops could emerge into a powerful new force in the abortion debates. Many abortion-rights advocates said they feared the bishops' considerable influence could reinstate a litmus test for candidates and recharge the abortion wars. The resolution, passed Wednesday by a vote of 217 to 30 at the semiannual meeting of the National Conference of Catholic Bishops, urges priests to target Catholic politicians in particular, relentlessly imploring those who do not oppose abortion to rethink their views. The resolution calls for the bishops to request private meetings with elected officials and political candidates and write letters until they change their minds. If necessary, it urges the bishops to go public with their criticism, but it stops short of calling for recalcitrant public officials to be sanctioned by barring them from the church, for example. The paper also asks priests to tell their congregations to consider a candidate's position on abortion as a first priority when casting a ballot, and to place this issue above

all other social justice concerns that the church has long espoused, on such matters as welfare, poverty, euthanasia or assisted suicide. Being "right" on those issues, the statement says, "can never excuse a wrong choice regarding direct attacks on innocent human life."

Abortion rights advocates, as well as a few dissenting bishops, criticized the decision. At a time when Catholics are sharply divided in their views on abortion, the bishops' resolution could be construed as an attempt to intimidate those who don't follow the church's teachings. And given how soundly many Americans reject the Christian right's political influence, according to some opponents, voters might resent another moral lecture. "It's a question of strategy," said Howard Hubbard, a bishop in Albany. "We run the risk of creating another and-Catholic backlash, of creating the impression that the Catholic bishops are trying to dictate how a politician must vote. From the public's point of view, it

looks like undue coercion." Cardinal Bernard Law of Massachusetts, who helped draft the document, singled out his home senators as targets for the drive. "Both senators in my state are Catholic and wrong in the way they approach abortion," he said, referring to Democrats Edward Kennedy and John Kerry. "The governor of the state is from a different party and he is wrong," he said of Paul Cellucci. "Only I am right."

Glasgow to Return a Sioux Relic



Richard LeBeau, a Lakota Sioux representative, viewing the Ghost Dance shirt Thursday in Glasgow.

Reuters
LONDON — Councilors in the Scottish city of Glasgow decided Thursday that a sacred Sioux Indian shirt, belonging to a warrior killed more than 100 years ago, should be returned to its original owners. The "Ghost Dance" shirt belonged to a Lakota Sioux killed by the U.S. Cavalry in the 1890 massacre of more than 150 Indians at Wounded Knee, South Dakota. It bears symbols intended to protect the wearer from the bullets of the U.S. Army. It has been in a Glasgow museum since its purchase in 1892 from a member of "Buffalo Bill" Cody's traveling Wild West Show. The Lakota learned of the shirt in 1994 when a vacationing Native American lawyer, John Earl, saw it. "My heart stopped," he recalled Thursday in Glasgow. "It is of a value that is very difficult to communicate to someone who is not a Native American."

Smoke and Demurrers

Critics Say Proposed Settlement Hides Bonuses for Tobacco Firms

By Sandra Torrey
Washington Post Service

WASHINGTON — Cigarette makers stand to gain more from their proposed \$206 billion tobacco settlement than was initially apparent, critics say, arguing that the deal could provide the industry with protection from a wide array of state lawsuits and from the financial brunt of any future federal cigarette taxes. Critics found what they called loopholes and unexpected industry benefits in the complex agreement, which would shut down the biggest legal threat the industry has ever faced. Still, the deal seemed to be moving steadily toward approval, with at least 16 states having signed on.

Wall Street analysts have proclaimed the deal favorable for leading cigarette makers, saying that it calls for lower up-front payments by the industry than last year's failed national deal. Abroad to companies because it gives them more time to recoup the costs.

Stocks of the nation's two largest cigarette makers, Philip Morris Cos. and R.J. Reynolds Tobacco Co., have climbed steadily since July 9, the eve of the first major news reports that the companies were trying to craft a multistate settlement with their adversaries, according to Bonnie Zoller, a tobacco analyst at Credit Suisse First Boston.

On Thursday afternoon, Philip Morris stock was trading at \$55.375, up 68.75 cents, and R.J.R. Nabisco Holdings Corp., Reynolds' parent, stood at \$30.375, up 36.25 cents. Brown & Williamson Tobacco Corp. and Lorillard Inc. are also participants.

The deal, Miss Zoller said, would "eliminate 70 percent of the litigation risk facing the industry" by settling about 36 state lawsuits.

Meanwhile, critics zeroed in on the deal's complex provisions, saying that the industry, which last year appeared at the mercy of its adversaries, had now crafted an ingenious bargain to end not only a lawsuit avalanche but buy future political and legal protection.

"It is another one of those sleight-of-hand deals," said Mary Aronson, a tobacco litigation analyst in Washington. "The industry is getting a lot more than anyone bargained for."

Chief among the industry's boons, some critics said, is a provision that would grant the industry credit on the money it pays states, if Congress in the next four years passes a cigarette tax and sends some of it to states for tobacco control or certain other uses. If Congress, for instance, passed a cigarette tax, then sent the money to states for children's health care, the industry could subtract those taxes from its payments to the states.

Senator Edward Kennedy, Democrat of Massachusetts, called the provision a "devious and cynical attempt by the tobacco companies to block congressional action on major public health issues," one that should not be in a state agreement.

Scott Williams, a spokesman for the tobacco industry, defended the provision. It would not be appropriate or fair, he said, for the states to receive huge payments from the industry first through the settlement and then through a federal tax.

Other critics said the deal would bar a broad range of future claims, including secondhand smoke cases, that might be brought by state or local officials.

In addition, health advocates said, the deal does not contain several potent tobacco-control measures, such as "look-backs," which would impose financial penalties if youth smoking rates do not decline.

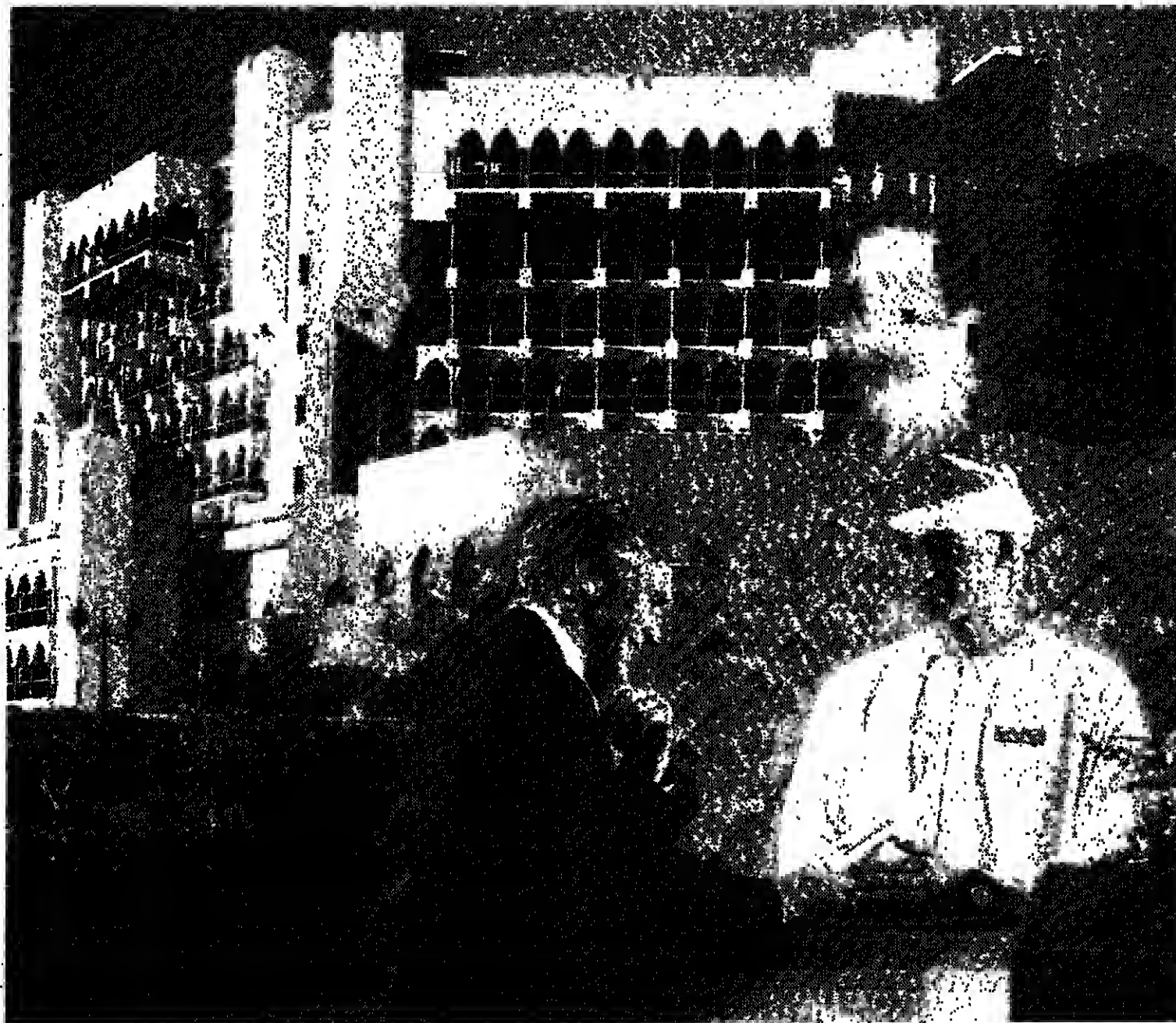
Away From Politics

• Flames fed by specially treated timbers roared through Stearns Wharf in Santa Barbara, California, the city's chief tourist attraction, destroying three businesses and lighting up the waterfront sky. (AP)

• A mother worried that powerful AIDS drugs might kill her HIV-infected 4-year-old boy can continue to refuse treatment for him, the Supreme Court of Maine ruled. (AP)

• Nine leaders of the anti-government Montana Freemen were convicted of fraud and armed robbery at their second trial. The jury returned the verdicts after two days of deliberations, concluding a three-week trial. (AP)

• A series of sweeping arches would carry a new Woodrow Wilson Bridge across the Potomac River in the design for a 12th replacement span chosen by a panel of officials and architectural experts in Maryland and Virginia. (WFP)



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THE AMERICAS

Text of Starr Statement Outlines 10 Ways Clinton Allegedly Misused Power

The Associated Press

Following are excerpts from the two-hour presentation Thursday in Washington by the independent counsel, Kenneth Starr, to the House Judiciary Committee, which is holding inquiries into the possible impeachment of President Bill Clinton.

As our referral explains, the evidence suggests that the president made false statements under oath and otherwise thwarted the search for truth in the Jones v. Clinton case. The evidence further suggests that the president made false statements under oath to the grand jury on Aug. 17. The evidence suggests that

the misuse of presidential authority occurred in the following 10 ways:

First, The evidence suggests that the president made a series of premeditated false statements under oath in his civil deposition on Jan. 17, 1998.

Second, The evidence suggests that the president engaged in a pattern of behavior during the Jones litigation to thwart the judicial process. The president reached an agreement with Ms. Lewinsky that each would make false statements under oath. He provided job assistance to Ms. Lewinsky at a time when the Jones case was proceeding and Ms. Lewinsky's truthful testimony

would have been harmful. He engaged in an apparent scheme to conceal gifts that had been subpoenaed from Ms. Lewinsky. Those acts constitute a pattern of obstruction.

Third, The evidence suggests that the president participated in a scheme at his deposition in which his attorney, in his presence, deceived a United States district judge in an effort to cut off questioning about Ms. Lewinsky.

Fourth, The evidence suggests that on Jan. 23, 1998, after the criminal investigation had become public, the president made false statements to his cabinet and used his cabinet as unwitting

surrogates to publicly support the president's false story.

Fifth, The evidence suggests that the president, acting in a premeditated and calculated fashion, deceived the American people on Jan. 26 and on other occasions when he denied a relationship with Ms. Lewinsky.

Sixth, The evidence suggests that the president, after the criminal investigation became public, made false statements to his aides and concocted false alibis that these government employees repeated to the grand jury.

Seventh, The president refused six invitations to testify before the grand

jury... [which is] inconsistent with the general statutory duty imposed on all executive branch employees to cooperate with criminal investigations.

Eighth, The president and his administration asserted three different governmental privileges to conceal relevant information from the grand jury. The privilege assertions were legally baseless. They delayed and impeded the investigation.

Ninth, The president made false statements under oath to the grand jury on Aug. 17, 1998.

Tenth, The evidence suggests that the president deceived the American people

in his speech on Aug. 17 by stating that his testimony had been legally accurate.

The president used government resources and prerogatives to pursue his relationship. The evidence suggests that the president used his secretary, Betty Currie, a government employee, to facilitate and conceal the relationship with Ms. Lewinsky.

The president used White House aides and the United States ambassador to the United Nations in his effort to find Ms. Lewinsky a job at a time when it was foreseeable, even likely, that she would be a witness in the Jones case. And the president used a government attorney, Bruce Lindsey, to assist his personal legal defense during the Jones case.

In short, the evidence suggests that the president repeatedly used the machinery of government and the powers of his high office to conceal his relationship, to conceal the relationship from the American people, from the judicial process in the Jones case, and from the grand jury.

Relationship Not on Trial

I want to emphasize that our referral never suggests that the relationship between the president and Ms. Lewinsky in and of itself could be a high crime or misdemeanor. The referral is instead about obstruction of justice, lying under oath, tampering with witnesses, and the misuse of power.

Paula Jones, a former Arkansas state employee, filed a federal sexual harassment suit against President Clinton in 1994. The president denied those allegations. The president attempted to delay the trial, or more broadly the proceedings, until his presidency had concluded. The president claimed a temporary presidential immunity from civil suit. The Supreme Court rejected the president's constitutional claim of immunity — and did so by a nine to zero vote.

The idea was simple and powerful: No one is above the law. The Supreme Court has emphatically and repeatedly rejected the notion that there is ever a privilege to lie.

The key point about the president's conduct is this: On at least six different occasions, from Dec. 17, 1997, through Aug. 17, 1998, the president had to make a decision. He could choose truth, or he could choose deception. On all six occasions, the president chose deception, a pattern of calculated behavior over a span of months.

On Dec. 15, 1997, Ms. Jones's attorneys identified Ms. Lewinsky as a potential witness. Within a day, the president learned that Ms. Lewinsky's name was on the witness list. After learning this, the president faced his first critical decision. Would he and Monica Lewinsky tell the truth about their relationship? Or would they provide false information, not just to a spouse or to loved ones, but under oath in a court of law?

Eleven months ago, the president made his decision. At approximately 2 A.M. on Dec. 17, 1997, he called Ms. Lewinsky at her Watergate apartment and told her that she was on the witness list.

The president did not explicitly instruct Ms. Lewinsky to lie. He did not have to. Starting with this conversation, the president and Ms. Lewinsky understood, according to Ms. Lewinsky, that they were both going to make false statements under oath.

An Effort to Thwart Justice

At that moment, the president's intimate relationship with a subordinate employee was transformed — it was transformed into an unlawful effort to thwart the judicial process. This was no longer an issue of private conduct.

Major decisions during the Lewinsky investigation have not been easy. And given the hurricane-force political winds swirling about us, we were well aware that, no matter what decision we made, criticism would come from somewhere. Some then suggested that the report we submitted to Congress was too thorough. I want to be clear that the public disclosure or nondisclosure of the referral and the backup materials was a decision our office did not make, and lawfully could not make. We respectfully but firmly reject the notion that our office was trying to inflame the public.

We are professionals, and we were trying to get the relevant facts, the full story, to the House of Representatives. That was our task. And that is what we did.

Mr. Chairman, members, I revere the law. I am proud of what we have accomplished. We were assigned a difficult job. We have done it to the best of our abilities. We have tried to be both fair and thorough. I thank the chairman, I thank the committee, and the American people for their attention.

PANEL: Starr's Case Against the President

Continued from Page 1

foundly unfair, to the president."

Mr. Starr summarized the allegations that have emerged in his inquiry into the Lewinsky scandal this way:

"The evidence," he said, "suggests that the president repeatedly used the machinery of government and the powers of his high office to conceal his relationship, to conceal the relationship from the American people, from the judicial process in the Jones case and from the grand jury."

Mr. Starr outlined evidence that has become familiar in the months since Ms. Lewinsky's name came to public attention in Jan. 21 newspaper articles. The allegations center on Mr. Clinton's attempts to conceal his involvement with her during the Paula Jones sexual harassment lawsuit and the criminal investigation headed by Mr. Starr.

Mr. Starr dismissed the argument, made by Mr. Clinton's lawyers and supporters that an investigation of lies about private sexual conduct should ever have been questioned by a public prosecutor. Obstruction of the courts and judicial system, he said, was "not a private matter."

"No one is entitled to lie under oath simply because he or she does not like the

questions or because he believes the case is frivolous or that it is financially motivated or politically motivated," he said.

The hearing was held in the same dark-paneled room in the Rayburn Office Building where a 1974 Judiciary Committee weighed the impeachment of President Richard Nixon, who ultimately resigned from office. The only other presidential impeachment hearings in history were against President Andrew Johnson, who was impeached — or charged by the House — but narrowly escaped conviction by the Senate more than a century ago.

The minority Democrats on the committee ceaselessly criticized Mr. Starr and his motives. Mr. Conyers suggested that Mr. Starr had ethical conflicts, including the fact that he worked for a law firm that represented tobacco industry clients, which oppose Mr. Clinton's efforts to reduce smoking among young people.

"While an independent counsel can and should pursue a case with vigor," Mr. Conyers said, "I and many others believe that Mr. Starr has crossed the line into obsession."

Mr. Starr appeared tense during Mr. Conyers's comments, but did not address them directly.

Another Democratic member, Rep. Barney Frank of Massachusetts, sharply



Representative Barney Frank, center, talking with a fellow Democrat, Senator-elect Charles Schumer, right, and Abbe Lowell, minority counsel, left, during the House Judiciary Committee's inquiry Thursday.

criticized Mr. Starr for waiting until after the Nov. 3 election to announce that he had been unable to link Mr. Clinton to any criminal wrongdoing in the Filegate or Travelgate allegations.

"You tell us that months ago, you concluded that the president wasn't involved in the FBI files," including files on some Republicans, which were improperly found in the White House, or in the

travel office firings, Mr. Frank said. "Yet now is the first time you're saying that."

Mr. Starr responded that the "FBI files and travel office matter were not relevant" to efforts to demonstrate impeachable offenses.

He also defended the actions of FBI agents and prosecutors from his team when they detained Ms. Lewinsky for 10 hours on Jan. 16 at a hotel in Virginia.

discouraged her from calling a lawyer, and threatened her with a lengthy prison sentence if she did not cooperate.

"We did in fact use a traditional technique," he said, but he denied mistreating her or holding her against her will.

Asked why he did not inform the Justice Department, when he first sought authorization to extend his investigation to include the Lewinsky matter, that he had had talks with Paula Jones's lawyers, Mr. Starr said it "did not occur" to him that those contacts could be seen as a conflict of interest. Mrs. Jones's attorneys knew about the Lewinsky relationship when they questioned Mr. Clinton under oath on Jan. 17, and some Democrats have accused Mr. Starr of "setting up" the president.

The independent counsel remained calm through the often-aggressive questioning about his report, but at one time stiffly declared, "I stand behind each word of it."

Democrats bickered with Mr. Hyde at every opportunity. They insisted that the allegations against the president were not impeachable and said that Mr. Clinton's lawyers were not being given a fair hearing. Mr. Hyde responded, "The Chair doesn't intend to bind and gag anybody — anybody."

"If the goal is justice," said Representative William Delahunt, Democrat of Massachusetts, "this cannot be a satisfactory response."

Mr. Hyde answered that "the president has a standing invitation to come before this committee for any amount of time and present us with his version of the facts" and to question any further witnesses.

Democrats on the committee sought to pass a motion to ensure that the president's counsel would have as much time as they wanted. The majority Republican unanimously opposed it.

When Mr. Hyde told one Democratic member, Representative Melvin Watt of North Carolina, that he was disrupting the proceedings, Mr. Watt replied testily, "We're disrupting a railroad."

The House Judiciary Committee has never agreed on what it considers impeachable conduct. The constitution refers to "treason, bribery and other high crimes and misdemeanors."

Mr. Starr, who has been bitterly attacked by Clinton surrogates like James Carville, told the committee almost plaintively: "I'm not a man of politics, of public relations or of polls, which I suppose is patently obvious by now."

The drama of the proceedings made it easy to forget the widespread sense that, after Republicans' setbacks in Nov. 3 elections, Mr. Clinton faces almost no risk of being both impeached by the House and convicted by the Senate.

If the committee votes for articles of impeachment, a simple majority of the full House would have to do so too. Republicans have an 11-seat majority in the next House, but some Republican members have expressed doubts about voting to impeach.

Sixty-seven senators would then have to vote to convict the president, which would require all 55 Republicans and 12 defecting Democrats to join that vote.



Representative Henry Hyde, right, chairman of the House Judiciary Committee, conferring with aides Thursday at the impeachment hearings.

for Madison in 1985 and 1986 by the Rose Law Firm, where Mrs. Clinton was a partner. Billing records related to her work at the firm were subpoenaed, but for two years could not be found. They had apparently disappeared in the White House residence. Two years later the records mysteriously turned up.

"After a thorough investigation, we have found no explanation how the billing records got where they were or why they were not discovered and produced earlier," Mr. Starr says in his testimony. "It remains a mystery."

Mr. Starr says that Webster Hubbell, a partner at the Rose Law Firm, and later a top official at the Justice Department,

might have additional information.

Just as Mr. Hubbell became the focus of Mr. Starr's inquiry, after he had resigned his government position, he received payments totaling \$550,000 from several companies and individuals. Many were campaign donors.

"Most of this \$550,000 was given to Mr. Hubbell for little or no work," Mr. Starr says in his statement. "This rush of generosity obviously gives rise to an inference that the money was essentially a gift. And if it was a gift, why was it a gift?"

Mr. Starr indicted Mr. Hubbell last week on 15 counts of false statements and other charges.

PROBE: Whitewater Revisited

Continued from Page 1

anty Savings & Loan, a Little Rock entity run by the Clintons' business partners, James McDougal and his then-wife, Susan, collapsed. Hillary Rodham Clinton performed legal work in the 1980s for Madison, which Mr. Starr called a "metaphor" for the savings and loan crisis.

"Madison Guaranty was a disaster," he said. "It gambled with investments, cooked the books and ultimately bilked the taxpayers of the United States."

Mr. Starr's inquiry focused on whether Madison money had been used illegally to help business and political figures in Arkansas. Indeed, one loan of \$300,000 went to what the independent counsel called Susan McDougal's "make-believe" company, Master Marketing, and \$50,000 of that benefited Whitewater.

Mr. Starr also says that Mr. Clinton encouraged Mrs. McDougal to stonewall. The prosecutor refers to a September 1996 interview Mr. Clinton gave to PBS, in which he said, "There's a lot of evidence to support" various charges that Mrs. McDougal had made against Mr. Starr's office. But Mr. Clinton cited no evidence.

"Essentially," Mr. Starr says, "the president of the United States, the chief executive, sided with a convicted felon against the United States, as represented by United States District Judge Susan Webster Wright, the United States Court of Appeals for the 8th Circuit and the Office of the Independent Counsel."

An offshoot of the original Whitewater inquiry centered on the work done

POLITICAL NOTES

The Bush Dynasty Passes Out Advice

NEW ORLEANS — In their debut appearance as heirs to the latest American political dynasty, Governor George W. Bush of Texas and his younger brother, Jeb Bush, the governor-elect of Florida, stepped forward as models for what they described as a new "compassionate conservatism."

As Republicans lament and point fingers over their party's discouraging performance in midterm elections, the sons of former President George Bush are savoring their electoral victories. "A conservative philosophy can extend its message across demographic lines," said the Texas governor, who won impressive support from Hispanics. "A conservative philosophy is one that can attract Hispanics if properly positioned," he said at a joint news conference with his brother at the Republican Governors Association's convention. "And the Republican Party needs to do just that."

Jeb Bush said, "It's the style of governance, George's case and, the style of campaigning in my case, that might be a good lesson." (NYT)

Republicans Losing Their Cash Machine

NEW YORK — With the House speaker, Newt Gingrich, stepping down from Congress, the Republican Party is losing its top fundraiser, a man who, by party accounts, raised more than \$60 million for office-seekers this year and masterminded a strategy that helped Republicans take over Congress in 1994 and retain control ever since.

No one in the party leadership is ready to step into this role, and there are no obvious candidates in the wings as the party prepares for the 2000 presidential election. "You are losing someone who has probably raised, over the last four years, conservatively, a quarter of a billion dollars for the party," said Ralph Reed, a Republican strategist based in Atlanta, "and those things are hard to replace." (NYT)

Patrick Clancy, Eldest of Singing Brothers, Dies

By Jon Pareles
New York Times Service

Patrick Clancy, 76, who helped start a folk revival as a founding member of the Clancy Brothers and Tommy Makem, died of cancer on Nov. 11 in Carrick-on-Suir, County Tipperary, Ireland.

As the eldest of the Clancy Brothers, Mr. Clancy toured the world singing Irish songs, often with thousands of audience members singing along. Although the Clancy Brothers got started as Irish expatriates in New York, where they were part of the Greenwich Village folk revival of the 1950s and '60s, the group's rowdy, good-humored performances created an enduring image of

Irish tradition and spurred a rediscovery of folk styles back home in Ireland. Mr. Clancy also started a folk-music label, Tradition, that documented Appalachian music, blues, Celtic and ethnic music.

Mr. Clancy was born in Carrick, in rural Tipperary, where he and his brothers soaked up traditional music. During World War II, he went to England to join the Royal Air Force and worked as an airplane mechanic in England and India. After the war, he and his brother, Tom, who had sung pop music in Ireland, came to the United States. They worked at a brewery in Newark, New Jersey, before moving to New York.

In postwar bohemian Greenwich Village, they acted in and produced off-

Broadway plays, including Sean O'Casey's "Plough and Stars" at the Cherry Lane Theater.

In the early 1950s, Patrick Clancy assembled Irish music for Folkways Records and the early Elektra label. He started the Tradition label in 1956. His brother Liam arrived in the United States that year, collecting Appalachian songs and also settling in New York. The three brothers began singing Irish songs at parties and quickly developing a local following. They were joined by another Irish expatriate, Tommy Makem, and started recording for Tradition in 1959.

A 1961 appearance on "The Ed Sullivan Show" brought them a national following in the United States.

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AMERICAN
TOPICS

Hats for Cowboys With Deep Saddlebags

The cowboy hat, now an internationally recognized symbol of America's Old West, started out as a joke.

The Philadelphia hatter John Stetson had gone West on a hunting trip. He showed his companions that he could make cloth out of fur without weaving. For a laugh, he shaped the resulting felt into a hat with a colossal brim. Its practicality in protecting a man from the hot Western sun was immediately clear, and Stetson sold the hat to a horseman. That, reports the Los Angeles Times, was in 1865.

These days Rich Rand, who recounts that history in "The Cowboy Hat Book," is one of the great custom makers of cowboy hats. At his shop in Billings, Montana, he and six hatters work against a 12-week backlog to supply cowboys, cowgirls, actors, guides, adventurers and city slickers with fur felt hats of extraordinary quality: hats that — thanks to an old French machine called the *confonnateur* — fit every bump or curve of the head; hats shaped with hot, century-old irons; hats of fine beaver fur that take a full day to make.

American cowhands traditionally invested their money in things they could use and carry with them — boots,

saddles, buckles. They are still willing to spend a week's pay or more for a good hat. For a Rand hat, that means about \$300. For an extra \$40, a hat will be "distressed" to look as if it has spent months on a hot, dusty trail — a look more popular in urban California than among Montanans.

There is an old cowboy put-down about someone being all hat and no cattle. But the right hat, at least, is a start.

Short Takes

In years gone by, one-room schoolhouses were common in small-town America, serving as civic institutions that educated children and bound together residents. On Bois Blanc Island, Michigan, the Pine School, with its bell tower and red clapboard siding, is a beloved part of life on an island in northern Lake Huron; that is, known for its isolation and long winters. Now locals are struggling to keep it going. The problem, The New York Times explains, stems from change in the way Michigan schools are financed. Rather than basing funding on property taxes, the state increased sales taxes and began compensating schools depending on the number of students. The Pine School has four. Locals are now wrangling with the state for some sort of rescue. "Without a school," said William Westcott, the township supervisor, "we stand at opportunity to attract young people."

Brian Knowlton

SPONSORED PAGE

DESTINATION GREECE DOORWAY TO GASTRONOMY

NATIONAL CUISINE IS HEALTHY AND DELICIOUS

Organically produced olive oil, honey, fruit and vegetables form the basis of Greek cuisine — and of a healthy diet.



The production of organic fruits and vegetables — the staples of the Mediterranean diet — in many parts of Greece attracts tourists and encourages exports of these fresh and delicious products. Specialty organized tours allow visitors to discover how to prepare wonderful Greek dishes in a beautiful, authentic setting.



"DESTINATION GREECE: DOORWAY TO GASTRONOMY" was produced in its entirety by the Advertising Department of the International Herald Tribune. Writer: John Rigos in Athens. Program Director: Bill Mahler.

With the realization that their cooking is not only delicious, but also offers all the recognized health benefits of the Mediterranean diet, Greeks are starting to think of their national cuisine as an added attraction for foreign tourists.

"Tourism is one of our main industries, since our country is known for its natural beauty and exceptional climate. But we must also profit from the healthy Greek diet by teaching foreign visitors the benefits of fresh, tasty produce," says Yannis Tzen, president and chairman of the Hellenic Foreign Trade Board.

Mr. Tzen also believes that in the same way food promotes tourism, tourism can promote exports of Greek organic produce.

Featuring vegetable oils, such as olive and sunflower, a wide variety of seafood, fresh vegetables and fruit, the Greek diet has long been recognized as a natural way to prevent early heart attacks.

During a visit to Greece in the 1950s, President Eisenhower's personal physician, the cardiologist Dr. White, said, "Cretan olive oil is the best protection against heart attacks."

Today, heart specialists continue to recognize the benefits of the Mediterranean diet, while oncologists claim vegetables, olive oil and grains prevent the development of colon cancer.

George Diamantopoulos, director of one of the clinics of Athens' Evangelismos state hospitals, says grains, olive oil, vegetables and fish have been the main staples of Greek cooking since time

immemorial, adding, "New generations have to stick to them if they want to remain healthy and strong."

Dr. Diamantopoulos even has a small patch of vegetables in his home garden and cures his own olives, which grow on a few olive trees surrounding his suburban property.

And he is not the only one. Today, many residents gather olives from the trees planted along the sidewalks of most Athenian suburbs.

Krina Jaharescu, a recent Romanian resident of Athens, has already cured her olives for this year. She proudly offers them to visitors as hors d'oeuvres with the traditional anise-flavored ouzo liqueur.

"You slash them on the side, put them into water for about two weeks to lose their bitterness and then for three days in a salt solution, and they are ready to eat," she says. "If you want them to be preserved for a long time, you leave them in a salt solution, vinegar or even pure olive oil."

Beth Arnold, a long-time American resident of Greece, adds fennel and oregano to the solution of vinegar, lemon slices and olive oil in which she preserves her olives for the entire year.

"I also like to make some *thrimbes*, wrinkled olives which are mixed with coarse sea salt and dried in the sun. They turn out looking like large currants and have a bittersweet taste," she adds.

Nikos Papaioannou, a retired general who cultivates an organic fruit and vegetable garden, cures his olives by slashing them and putting

them in large, empty Coca-Cola bottles covered with olive oil. Ripe olives are ready to eat in two months, while green ones require five months. "But they are the best," he says. He also makes his own olive oil by bringing a portion of the olives he collects from his 50 trees to the oil press.

Organically grown Mr. Tzen believes that the production of organic fruits and vegetables practiced in many parts of Greece is an added attraction for the tourist, and also has export potential.

"Our country has unlimited possibilities for the cultivation of natural organic products distinguished for their superiority, enjoyable taste and innate beauty. These products form the main staples of the Mediterranean diet, and thus meet the standards of healthy nutrition which this diet entails," he says.

Mr. Tzen points out that Greece is just beginning to "harmonize with ecological realities and to promote organic products."

The main ingredients of the Mediterranean diet, besides olive oil, are honey, olives and a wide variety of fruit and vegetables, now also organically produced in Greece.

"I do not think that this information is known to the degree that it should be in world markets, and this is where tourism and trade can join forces in furthering our country's economic interests," he adds.

Michalis Kyriakidis, general secretary of tourism, says that this is possible since

both 1997 and 1998 were good years for Greek tourism and 1999 will be even better according to projections.

"The 2004 Olympics will be a significant event for our country and for Greek tourism," he says.

"The Games are a unique opportunity for our sector, but they also call for the mobilization of every one of our professionals in order to meet the challenge presented by this great event."

The Greek Culinary Academy, the Greek Tourism Board and the Hellenic Foreign Trade Board, as well as other agencies, have launched a pilot project on the island of Crete aimed at promoting Cretan cuisine and Greek organic foods.

According to Mr. Tzen, Crete was chosen because it attracts a large number of tourists and has the longest tourist season of the entire country, thanks to its mild climate. In addition, it produces large quantities of organic vegetables. The project allows foreign tourists to take classes on Cretan cuisine using organic produce.

The role of organically grown products in healthy nutrition will also be promoted through publications, seminars in hotels, and the marketing of organic produce in ports, airports and railway stations. Gastronomic programs can be promoted through the cooperation of tour operators and with contests on the use and value of such produce in hotels.

The same agencies will organize tours of olive oil production in Crete to give tourists the opportunity to visit oil presses and see how pure

Cretan olive oil is actually extracted. Selected taverns will offer samples of Cretan dishes made with olive oil.

Similar programs will be applied in other areas of mainland Greece and on other islands. Both tourism and trade will benefit, thanks to the tourists who will become pioneers in the promotion and spread of organic products in their respective countries.

Mr. Tzen also believes that his agency, together with the Greek Tourism Board, can both promote the use of organic produce and also give foreign visitors an opportunity to discover Greece's wide range of economic and trade possibilities.

"This can be done through the development of professional/recreational tourism. In other words, make it possible for a tourist to combine his or her vacation in Greece with the chance to meet financial and trade personalities who could show the individual samples of such products, then even carry out negotiations should a tourist be professionally qualified for such activities," he says.

"Such packages could be offered to foreign businesspeople who can thus combine business with pleasure, since a trip to Greece can offer both," he adds.

"In Greece, we believe that our country has all the necessary qualifications in order to combine tourism and trade for the benefit not only of the national economy, but also of society in general — a society with a vision of healthier nutrition for all and of attaining spiritual balance." ■

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EUROPE

Russia Leans Toward Ratification of START-2 Agreement

By David Hoffman
Washington Post Service

MOSCOW — After years of delay, Russia's lower house of Parliament has begun making serious headway toward ratification of the START-2 strategic arms accord, lawmakers and experts say.

The shift has followed delivery to Parliament of a secret government report warning that Russia's nuclear shield will shrink dramatically and unavoidably in the years ahead as a result of weapons' obsolescence and national economic decline.

A prominent member of the State Duma said Thursday that Parliament might open debate next month on ratification of the treaty, Reuters reported.

from Moscow. The official, Vladimir Lukin, chairman of the foreign affairs committee and a former ambassador to Washington, said he felt a "measured optimism" that a ratification bill he had helped draw up would win backing from the Communist-led chamber.

The treaty, signed in January 1993 by Presidents George Bush and Boris Yeltsin, and ratified by the U.S. Senate in January 1996, has attracted sharp opposition in the lower house, the State Duma, from nationalists and Communists, who dominate the chamber. The accord has languished there for almost six years, despite Mr. Yeltsin's repeated promises to push it forward.

But lawmakers said that there had been a change in the political outlook for the treaty that could bring it to a vote as soon

as next month. The shift is based on an increasing realization that Russia's economic troubles have seriously undermined its ability to maintain a large strategic nuclear force. Backers say the treaty will limit the size of the U.S. nuclear force, which has become a compelling argument for ratification as the scope of the Russian decline grows apparent.

Alexei Podberiozkin, an influential Communist Party member and deputy chairman of the International Affairs Committee, has decided to back the treaty. "I had been very strongly opposed to this treaty for many years, but the situation has changed — not in favor of Russia," he said. Mr. Podberiozkin added that "until recently, I thought there was no chance for ratification." He said, "Now, if we work hard, I

suppose we can ratify it in December."

Like many other officials here, Mr. Podberiozkin said he wants ratification to lead "as quickly as possible" to negotiations for a follow-on START-3 accord, with still lower levels of strategic weapons, which Mr. Yeltsin and President Bill Clinton have pledged.

START-2 would set limits of 3,500 to 3,000 warheads for each side, down from 6,000 under START-1. The tentative goals for START-3, set earlier by Mr. Clinton and Mr. Yeltsin, are between 2,500 and 2,000 warheads for each side.

The reality of Russia's dwindling strategic forces, however, is that it cannot support even that many and that its heavy, multiple-warhead, land-based missiles are reaching the end of their service life.

START-2 outlaws land-based, multiple-warhead missiles, and Russia has started replacing them with new, single-warhead missiles, but the new Topol-M rocket recently failed a test flight, and it is not clear how many Russia can build, given its economic problems.

The projected decline in Russian strategic arms capability was documented in a secret report recently sent to the Duma by First Deputy Prime Minister Yuri Maslyukov, a former top Soviet-era military-industrial planner who has pushed for ratification of START-2.

According to two sources, Mr. Maslyukov estimated in his report that, because of obsolescence and other factors, Russia may be able to field only 800 to 900 nuclear warheads seven years from now.

BRIEFLY

Lithuania Seeks An EU Timetable

STOCKHOLM — Lithuania would like to see a firm timetable for EU accession talks, despite lingering issues such as the closing of the Soviet-made Ignalina nuclear power plant, Foreign Minister Algirdas Saudargas said Thursday.

Speaking at a Baltic conference here, Mr. Saudargas said it was important for the European Union to allay fears that its commitment to expansion had not solidified.

The issue of the Ignalina plant has dominated most discussions concerning Lithuania's potential membership. The plant has two reactors similar to the one that caused the 1986 Chernobyl disaster. The EU wants Lithuania to set a timetable for closing the plant ahead of membership talks. (Reuters)

France and Spain Set New Agenda

PARIS — France and Spain begin their annual meeting in the western French port of La Rochelle on Friday, and for once the focus of the summit will be on peace, rather than violence, in the Basque country.

The meeting, which is usually largely devoted to how to fight the separatist group ETA, is the first since the separatist guerrillas declared a cease-fire two months ago in their 30-year-old campaign. ETA, a Basque acronym, stands for Basque Homeland and Freedom.

The Spanish authorities have so far refused to negotiate with the guerrillas unless they provide evidence that they have given up the armed struggle forever. (Reuters)

For the Record

British customs officials have launched a pre-Christmas crackdown on alcohol and tobacco smugglers bringing goods into Britain across the English Channel. Operation Mistletoe has involved raids on shops, pubs and clubs suspected of involvement in smuggling. (AFP)

Ankara Rebuffs Rome On Meeting Over Kurd

ANKARA — Prime Minister Mesut Yilmaz rejected an Italian offer Thursday of a meeting to defuse an angry dispute over Turkey's demand that Rome hand over a Kurdish guerrilla leader.

Mr. Yilmaz's comments, made as he entered Parliament to face a censure vote that could bring the end of his government, showed growing Turkish fury that Ankara may not be able to secure the extradition from Italy of its most wanted man.

The state-run Anatolian News Agency quoted Mr. Yilmaz as saying Prime Minister Massimo D'Alema of Italy had suggested meeting before a soccer match between Turkish and Italian teams Wednesday in Istanbul.

"I said, 'If he wants to talk, let him come to Ankara,'" the agency quoted Mr. Yilmaz as saying.

Turkey is pressuring Rome to hand over Abdullah Ocalan, the head of the Kurdish Workers Party, who was detained as he entered Italy last week. Mr. Ocalan has applied for asylum.

Protests have erupted in Ankara and Istanbul, and the Turkish press has accused Italy, a NATO ally, of treating Mr. Ocalan as an honored guest.

Four companies have canceled trips to Italy in protest, imports of Italian shoes and jewelry have been stopped,

and salesmen at an Istanbul market crushed Italian fruit.

But Mr. D'Alema said Italy would not bow to "economic blackmail."

Italian law forbids extraditing anyone to a country where they could face execution, as is the case with Mr. Ocalan. According to the ANSA news agency, Mr. D'Alema told his cabinet Thursday that Italy would stand by the law.

Mr. Ocalan flew to Italy from Moscow. His lawyers have asked that he be placed under house arrest pending a decision on extradition or asylum; a hearing on their petition is scheduled for Friday.

Mr. D'Alema has asked the European Union to back his efforts to maintain friendly relations with Turkey while respecting Italian law. But EU countries cannot agree on whether the Kurdish Workers Party is a terrorist organization. Officials in Austria, which holds the revolving EU presidency, said there had been no move to get involved in the crisis. Many Western European countries have migrant Kurdish and Turkish communities.

German officials were tight-lipped on whether Bonn would seek Mr. Ocalan's extradition for alleged crimes in Germany by his party.

The United States is pushing Italy to extradite Mr. Ocalan, whom it considers a terrorist. (Reuters, AP)



TASTE OF WINTER IN ALSACE — A resident of Lampertheim, near Strasbourg, clearing snow from the sidewalk in front of his house Thursday after the first snowfall of the season blanketed northeastern France.

ASIA/PACIFIC

Burglars Loot Safe of Lawyer Aiding Anwar

KUALA LUMPUR — Burglars ransacked the law office of one of Anwar Ibrahim's defense attorneys, breaking open a safe containing documents related to the former deputy prime minister's court case, the attorney reported Thursday.

Puwanchek Marican, one of Mr. Anwar's nine attorneys, said he had not yet sorted through the papers strewn across his office to see what had been taken. "They were looking for something in particular," Mr. Puwanchek said. "I have to make a police report. Then I'll check and see what's missing."

Mr. Anwar, once considered the successor to Prime Minister Mahathir bin Mohamad, was dismissed Sept. 2. He is now on trial for sodomy and abuse of power, charges he denies and calls politically motivated.

The Malaysian government recessed Mr. Anwar's trial so it would not overshadow the Asia-Pacific Economic Cooperation meeting of 21 Pacific Rim leaders, which ended Wednesday.

Mr. Puwanchek said his office was broken into after 11 P.M. Wednesday, when a staff member triple-locked the office door and padlocked a metal shutter gate outside.



The safe containing Anwar trial documents lies open after the burglary.

When Mr. Puwanchek arrived Thursday morning, he discovered his concrete-reinforced steel safe open on its back. The safe's thick door hung in a tangle of metal from a single hinge.

"If they know how to break that, they won't come with fingerprints," Mr. Puwanchek said. Mr. Anwar's trial, which is likely to run into next year, resumes Monday.

U.S. Refuses to Buy North Korea Access

By Don Kirk
International Herald Tribune

SEOUL — A U.S. special envoy, Charles Kartman, said Thursday that he had flatly rejected a North Korean demand for a reported \$300 million for access to an underground facility in which the North is suspected of developing nuclear weapons.

Mr. Kartman, after two days of unsuccessful talks in the North Korean capital, Pyongyang, assured South Korean officials of a tough U.S. stance toward the North. President Bill Clinton is due to arrive Friday night from Tokyo for a meeting on Saturday with President Kim Dae Jung of South Korea.

The issue of close cooperation in dealing with North Korea was expected to dominate the meeting amid mounting concern about how to persuade the North to open the underground site for inspection.

Mr. Kartman was to remain here until the weekend to brief South Korean officials and Clinton administration aides on his talks earlier this week.

His briefings for South Korean officials were intended to allay their fears that the United States may be reluctant to compel the North to comply with the framework agreed upon in Geneva in 1994 for halting its nuclear weapons

program. Mr. Kartman said he had warned the North Koreans that refusal to open up the site for inspection might jeopardize the program under which the North was to stop work on nuclear weapons in return for two nuclear reactors.

South Korea has agreed to pay 70 percent of the \$4.6 billion cost of the reactors and the United States is shipping heavy oil to North Korea to fill its energy needs until they are completed.

The special envoy refused to say how much the North Koreans had asked for inspection of the site, which was first spotted by satellite photography last summer.

But Yonhap, South Korea's semi-official press agency, said the asking price was \$300 million.

Clinton administration officials in Washington confirmed that the North had asked for hundreds of millions of dollars.

"We have rejected the question of compensation so the question of the amount is sort of irrelevant," Mr. Kartman said. He explained that the North had demanded money as "compensation for the insult" of Washington's suggestion that it was violating the Geneva agreement.

He said the site was in Kumchangri, about 40 kilometers (25 miles) north-

west of North Korea's nuclear facilities at Yongbyon, which is 145 kilometers north of Pyongyang.

"We asked the North Korean side to remove our suspicions about Kumchangri," Mr. Kartman said. "My presentation contained a very clear element about the danger the failure to resolve those suspicions could pose to the viability" of the Geneva agreement.

He said that it was "imperative these suspicions be resolved" but admitted that there was a wide gap between their positions. "We are still not satisfied," he said.

U.S. officials said that their inspectors had verified that the North was making a show of complying with the agreement at Yongbyon while failing to offer any proof that it had not transferred activities to Kumchangri.

Officials in Washington said, however, that the North did not appear to have begun pouring cement for a new reprocessing plant in Kumchangri that could convert nuclear waste to bomb-grade plutonium.

The State Department spokesman, James Rubin, said that any attempt by North Korea to revive its nuclear weapons program would violate "the entire letter and spirit of the objectives" of the Geneva agreement.

BRIEFLY

India Establishes Security Council

NEW DELHI — The Hindu nationalist government set up a national security council Thursday at which politicians would work with military generals to plan India's defense policy.

Prime Minister Atal Bihari Vajpayee, who will head the council, appointed Rajesh Mishra, his chief aide, as national security adviser, United News of India reported.

The council will include cabinet members and the chief of the Planning Commission, the news agency reported. The chiefs of the army, air force and navy and civilian officials will be part of the council's strategic policy group.

The Hindu nationalist Bharatiya Janata Party promised to establish the council after it came to power in March. (AP)

Students March Against Suharto

JAKARTA — Up to 3,000 angry students were blocked from marching on former President Suharto's home Thursday as his successor warned that further civil unrest could threaten national unity.

Demonstrators faced off with about 500 soldiers holding riot shields and batons outside the U.S. ambassador's residence a few blocks away from Mr. Suharto's house. The former leader has remained a virtual recluse since his 32-year rule came to an end after riots in May.

Earlier, President B.J. Habibie said civil unrest could escalate if student protesters prevented his government from carrying out promised political reforms. (AP)

Foreign Journalists Warned by China

BEIJING — China on Thursday warned foreign journalists not to break the country's laws, one day after a reporter for Der Spiegel, Juergen Kreinh, was ordered to leave amid allegations that he possessed classified documents.

But a Foreign Ministry spokesman refused to detail what kind of information was secret.

"The Chinese government guarantees the legitimate rights and interests of foreign correspondents and news organizations," the Foreign Ministry spokesman, Tang Guoqiang, said at a regular news briefing. "At the same time, foreign correspondents in Beijing and foreign news organizations must observe the laws of China." (Reuters)

Britain Defends Pursuit Of Ex-Spy Freed in Paris

Compiled by Our Staff From Dispatches

LONDON — The Labour government, stunned by a Paris court's decision to release a renegade former British spy, on Thursday defended its attempt to prosecute him and denied they were politically motivated.

As the former spy, David Shayler, celebrated his freedom in France, Downing Street said officials hoped to be able to appeal the Paris court's refusal to extradite him to Britain on charges of breaking government secrecy laws.

But some news organizations said that the French decision exposed problems with Britain's Official Secrets Act, and that it was hypocritical of Labour ministers who had opposed secrecy laws when they were in opposition to be trying to enforce them now.

One of these ministers, Home Secretary Jack Straw, denied that Britain's pursuit of Mr. Shayler, who worked for the domestic counterintelligence service MI5, was a political action.

"This prosecution was in no way politically motivated," Mr. Straw said. "But we wait to see the judgment. We then wait to see what decisions the French prosecutor, in whose hands the question of appeal lies, whether they make an appeal or not."

Mr. Straw brushed off a question on whether Mr. Shayler would be jailed immediately if he returned to Britain. "That is not a matter for me," he told BBC radio. "It is a matter for the prosecution authorities, who are independent of the home secretary."

Many in Britain found the case reminiscent of that of Peter Wright, whose 1987 book "Spycatcher" about the MI5 was banned in Britain but was published in Australia despite strenuous British efforts to stop it.

"Just as in the case of Peter Wright, the spy who wrote about secret service plots to bug Harold Wilson, it has taken a foreign court to expose Britain's unhealthy obsession with secrecy," The Independent said in an editorial Thursday.

"Tony Blair and Jack Straw have relied on a secrecy law whose introduction they once opposed because it didn't allow a public interest defense," the newspaper said. "How curious that they changed their stance once in government."

Mr. Shayler, 32, moved to France after the British government began in-

vestigating him for divulging information about MI5 in a series of news interviews beginning last year.

"Among other things, Mr. Shayler accused Britain of supporting a botched plot to kill the Libyan leader, Moammar Gadhafi, in February 1996 with a car bomb. He said Muslim extremists placed the device under the wrong car, killing bystanders."

Mr. Shayler also alleged that three Irish Republican Army bombings on the British mainland could have been prevented if his former bosses had been less bureaucratic.

He also claimed that MI5 held files on more than 500,000 British subjects, including at least two ministers in the present government.

The British authorities, after attempting to lure Mr. Shayler back to London with promises of immunity from prosecution, took action against him after he threatened to publish further allegations on the Internet.

He was arrested at the request of Britain on Aug. 1 and held in a Paris prison pending extradition proceedings.

After his release Wednesday, Mr. Shayler said: "It's a great day for justice and a sad and embarrassing one for the British government and MI5. I'm glad to be out of prison but I shouldn't have had to spend four months in jail for criticizing MI5." (Reuters, AP)

Beaujolais Nouveau Time

PARIS — Corks were pulled from bottles of Beaujolais Nouveau in 192 countries on Thursday, giving wine lovers their first taste of the 1998 vintage.

The young French wine, harvested two months ago, went on sale time zone by time zone in the first seconds of the traditional third Thursday of November.

"The wine this year is quite good, and there is plenty of it to go around," said Aureo Baconnais at a wine shop in Paris.

About 54 million bottles of the heavily hyped young wine were to be put on sale this year, with half staying in France, 40 percent going to the rest of Europe and 10 percent to the rest of the world.

Azerbaijani Press Fasts in Protest

Compiled by Our Staff From Dispatches

BAKU, Azerbaijan — Editors and journalists from independent newspapers have begun a hunger strike to protest police beatings of journalists and libel suits against opposition media.

The editors say criminal cases that have been opened charging defamation of President Heydar Aliyev, as well as recent calls for tighter media controls by Parliament, constitute harassment and censorship. Parliament is dominated by supporters of Mr. Aliyev, whose brother, Dzhalil, has sued an opposition newspaper, Azadlyg, for reporting that he and other relatives of the president

have bought expensive real estate in Britain.

"We were forced to take this action and go on a hunger strike because the authorities want to smother the independent press," said Rauf Arif, editor of the Yeni Musavat, organ of the opposition Musavat (Equality) party.

Mr. Aliyev bowed to international pressure and lifted official censorship only in August in advance of a presidential election.

The state prosecutor recently opened criminal cases under a statute prohibiting "defamation of the honor and dignity of the president." (AP-Reuters)

INTERNATIONAL

Washington to Finance Mideast Security Pact

But Getting Congress to Pay Is Uncertain

By William A. Orme Jr.
New York Times Service

JERUSALEM — President Bill Clinton is promising Israel and the Palestinian Authority that the United States will pick up much of the bill for their new land-for-peace plan. But buying peace will not be cheap, or easy.

The change to House Republican leadership means that congressional scrutiny could be more acute than originally anticipated.

Israel's new aid request raises potential diplomatic problems because the United States runs the risk of subsidizing roads to Jewish settlements in the West Bank. And greatly increasing aid to the Palestinians poses financial and political difficulties, U.S. officials say.

As the Clinton administration weighs the Israeli and Palestinian requests, it is striving to ensure that the entire aid package strengthens rather than further complicates its role as a mediator.

Prime Minister Benjamin Netanyahu is expected to seek up to \$1 billion for pulling Israeli forces out of the West Bank, over and above the \$2.9 billion in military and economic aid already earmarked for Israel this fiscal year. The new request comes just as Congress has reduced assistance to Israel for the first time in decades, cutting its yearly economic support to \$1.08 billion, from \$1.2 billion, the beginning of what was announced as a 10-year phase-out of nonmilitary aid.

Yasser Arafat, the Palestinian leader, says he believes he has a green light to solicit as much as \$300 million in new U.S. assistance — a big jump in U.S. aid to Palestinian-controlled Gaza and the West Bank, which has been kept at \$75 million annually for the past five years.

Until recently, congressional approval did not seem much of an issue.

The House speaker, Newt Gingrich, and the majority leader, Richard Gephardt, have signaled readiness to provide substantial new assistance. But the Appropriations Committee chairman, Rep-

resentative Robert Livingston, now assured of becoming Mr. Gingrich's successor, was one of the few congressional leaders who has publicly questioned economic aid to Israel. Congressional critics of Mr. Arafat, meanwhile, are likely to try to continue to block direct bilateral-style aid.

The Clinton administration has not disclosed the full scope of its new appropriation request, which represents the fulfillment of a pledge by the president to help underwrite the costs of the interim peace accord negotiated last month in Wye, Maryland.

"The administration is considering the details of a package, which will address Israeli security requirements relating to Wye and Palestinian economic needs," Jim Foley, a State Department spokesman, said last Friday.

While the expected U.S. aid package will spotlight the large and widening gap between aid to Israel and aid to the Palestinians, Palestinian economic officials hope it will institutionalize U.S. economic support.

After the Oslo agreement in 1993, the United States announced a five-year, \$500 million economic-aid package for the West Bank and the Gaza Strip: \$375 million in grants from the Agency for International Development and \$125 million in loan guarantees for new local U.S. business ventures from the Overseas Private Investment Corp.

U.S. Seeks Donors for Accord

The United States said Thursday that it would hold an international conference on Nov. 30 to seek new financial assistance to support the new Israeli-Palestinian peace agreement, Reuters reported from Washington.

The State Department spokesman, James Rubin, said President Clinton had invited some 50 nations and multilateral organizations to attend the donors' conference, which will be held in Washington. He said the United States planned to "increase U.S. assistance to the Palestinians significantly over the next five years." He gave no amount.



Palestinian policemen marching Thursday in a parade in Jenin to celebrate approval of the Israeli withdrawal.

ISRAEL: West Bank Transfer to Palestinians Gets Final Approval

Continued from Page 1

ister Benjamin Netanyahu's tenuous control over his government.

The ministers voted 7 to 5 to start the land transfer, with three abstentions, including Natan Sharansky, the trade minister who helped negotiate the American-brokered agreement, and two absences.

In authorizing the transfer, the cabinet accepted generally that the Palestinians had lived up to their security commitments to date, among them the broadcast of decrees outlawing incitement and ordering the surrender of illegal weapons to the authorities.

Also, an executive committee of the Palestine Liberation Organization has reaffirmed the annulment of clauses in the Palestinian covenant calling for Israel's destruction.

But some ministers complained that there was insufficient proof of the Pal-

estian assertion that more than a dozen fugitives wanted by the Israelis had been arrested.

The cabinet also approved the opening of the airport in Gaza, which is expected by Sunday, when Royal Air Maroc is scheduled to make the inaugural landing.

And it authorized the release of 250 Palestinian prisoners from Israeli jails. But there have been complicated negotiations with the Palestinians over the individual prisoners to be released.

When Israel said it would free only those "without blood on their hands," including 150 common criminals in the first group, the Palestinians protested.

"Do you think Yasser Arafat went to Wye Plantation to free car thieves?" asked Ahmed Tibi, a senior aide to Mr. Arafat, the Palestinian leader.

The Palestinians have refused the list, but the Israelis plan to drop off the

released prisoners at army bases in the next 48 hours anyway. They are to be picked up by the Palestinian authorities, said Hisham Abdul Raza, the minister of prisoner affairs.

This is the first phase of a 12-week withdrawal plan, which will leave 40 percent of the West Bank under Palestinian control.

Celebratory Parade in Jenin

Thousands of Palestinians paraded in Jenin on Thursday to celebrate the Israeli cabinet's decision, Reuters reported.

About 5,000 people, many of them youngsters, joined the parade, which was led by uniformed Palestinian security forces with rifles at their shoulders.

Palestinians said they hoped the pull-back would presage an independent Palestinian state throughout the West Bank and Gaza, which Israel captured in the 1967 Middle East War.

Mother Lode of Dinosaur Eggs and Embryos Thrills Researchers

By John Schwartz
Washington Post Service

WASHINGTON — Researchers have announced the discovery of the richest dinosaur nesting ground ever uncovered — a site in Argentina's Patagonian badlands so crisscrossed with fossilized eggs and embryos that paleontologists found themselves literally walking on eggshells.

Dozens of the dinosaur eggs contained the first-ever confirmed embryos of sauropods, the large, lumbering plant-eaters whose ranks included what most people know as the brontosaurus. Even more astounding, some of the specimens showed the fossilized casts of embryonic dinosaur skin, the sort of soft tissue that almost never survives the tests of geologic time.

"This piece, to me, has been the most exciting fossil find in my entire life," said Luis Chiappe, a paleontologist at the American Museum of Natural History in New York who co-lead the expedition that discovered the site. He gently cradled a fragment of the brown, porous shell with the nubby texture of a fragment of skin clearly displayed on the inside.

The fossil skin shows tiny, lizard-like scales, with a band of larger scales down the center, an

arrangement that probably indicates that the larger scales ran down the middle of the animal's back.

Within five minutes of getting out of the car, everyone was kneeling down and looking at the fossilized eggs with great disbelief, he said.

Dinosaur eggs have been found in many locations around the world, and a few of those eggs have contained the fossilized remains of dinosaur embryos — including a spectacular find in Mongolia announced in 1993 by the American Museum of Natural History. Those embryos, however, were theropods — the dinosaur grouping that included meat-eaters such as the tyrannosaurus rex and the velociraptor. This is the first confirmed discovery of sauropod embryos, and it confirms the sauropod origins of similar spherical eggs found in Africa, India, China, Europe and South America.

Lowell Dingus, a geologist, described the feeling of being in such a place as "Christmas." The embryos are not complete tiny dinosaurs, but are scrambled and lie flattened at the bottom of the shell. Researchers are piecing the bits together to determine what kind of sauropod they were.

Rodolfo Coria, a paleontologist with Museo Municipal Carmen Funes in Argentina, has compared the characteristics of the bones to those of

other sauropods and believes that they are probably dinosaurs now known as titanosaurs. Though titanosaurs were among the largest animals ever to walk the Earth, the Patagonian titanosaurs of the time were comparatively puny, growing to about 15 meters (45 feet) long and weighing several tons.

The hatchlings, however, emerged from their eggs at a mere 38 centimeters (15 inches) in length. One embryo was discovered with 32 tiny teeth, each barely two millimeters long. One of the pencil-shaped choppers already showed signs of tooth-grinding wear common to titanosaurs, strengthening the hypothesis about their species and further indicating that the creatures were born hungry.

The nesting site is near an area called Aca Mañá and went undiscovered even by villagers who herded goats nearby. The researchers named the site Aca Mañá, a play on *huevo*, the Spanish word for egg.

While nests found elsewhere generally contain several eggs, the Aca Mañá features nests teeming with eggs. Researchers cut one collection out of the rock containing at least 20 of the round eggs, each with a diameter of about 15 centimeters. They could have gotten more by cutting a larger chunk of stone, but said they were afraid the whole nest would be too difficult to transport.

Titanosaurs such as *Saltasaurus loricatus* had hard, bony protective plates, but paleontologists working with the embryos could find no evidence of bone in their skin samples. They said this could mean that the bone developed later, as it does for some of today's Nile crocodiles.

The site contains fossils that date 70 million to 90 million years, from the period known as the late Cretaceous. Today it offers sweeping vistas of low, scrubby, orange-brown sandstone ridges. But back at the time when it was part of the land mass known as Gondwana, the nesting ground was a lush floodplain crisscrossed with streams.

The eggs were found in extremely finely-grained sandstone, leading the researchers to believe that the streams flooded with just enough force to gently cover the eggs with silt, but not enough to destroy them.

"This has the potential to become a very, very important place for the study of dinosaur embryology," Mr. Chiappe said.

The dozens of eggs already collected will soon be joined by others after an expedition in March. The government of Argentina has declared the site to be public land and has begun building a ranger station to protect the treasure from poachers.

LAFONTAINE: Vow to Enforce Rigor

Continued from Page 1

start of the 1990s by Jacques Delors, then the European Commission president.

But he also emphasized that the investments must be made "without questioning the existing Stability Pact."

Leading European industrialists have been harshly critical of Mr. Lafontaine's recent statements about refuting the German economy, and many economists have warned that the ascendancy of left-of-center governments across Europe might mean that public spending could soon replace fiscal responsibility.

Yet on Thursday, when asked if he agreed with proposals by Prime Minister Massimo D'Alema, European Commissioner Mario Monti and some of his own aides that new public spending on infrastructure could be excluded from calculations of budget deficits under the Maastricht treaty, Mr. Lafontaine demurred. He merely said, "We don't have such problems in Germany."

Mr. Lafontaine, who issued a joint call with Mr. Ciampi for a coordinated European "policy mix" of fiscal, monetary and income policies that would lift growth and fight unemployment, was also keen to stress that he was not suggesting a collective setting of wage levels across Europe.

"We cannot have a single European income level," Mr. Lafontaine said. "That would be absurd and that might create the fear that we want a harmonized level of income in Europe. Income must be tied to productivity levels in national, regional and local workplace terms."

In another sign that Germany's government was adopting a more pragmatic stance, Chancellor Gerhard Schröder on Thursday announced plans to repeal rules that have traditionally exempted low-paid employment from welfare contributions.

Mr. Lafontaine's theme, in his meetings Thursday with Mr. Ciampi and Mr. Brown, was that Europe needed to combat unemployment by way of "a policy mix of coordinated fiscal, monetary and incomes policy." This concept, along with Mr. Lafontaine's view that consumer demand needs to be stimulated by tax cuts for low-paid workers, forms the German message that will be delivered on Sunday at a meeting of finance ministers from the 11 nations adopting the euro.

The meeting, ahead of the gathering next Monday of all 15 European Union ministers, is expected to release a policy paper entitled "The New European Way — Economic Reform in the Framework of EMU."

Meanwhile, in Germany on Thursday, the IFO economics institute released its monthly business-climate index showing that confidence had fallen in October more than had been expected.

Mr. Lafontaine brushed off the report, along with sharp criticism on Wednesday of the Schröder government's economic policies by the government's panel of independent economic advisers. "The expectations regarding economic growth in Germany reflect the international environment," he said.

Mr. Lafontaine then noted that "God gave us two eyes" and said he meant that Bonn would make economic policy on the basis of "both supply and demand." Explaining further, he said that "since 1980 we have had a constant, unchanged level of real incomes, and maybe we should come to the conclusion that despite fully used capacities we have a problem on the demand side."

Asked whether he planned to press ahead with his proposal for Group of Seven nations to try and manage currency rates by way of "target zones" despite opposition from Washington and Paris, Mr. Lafontaine insisted that "the idea comes from the United States, and was one of the recommendations of a recent commission on Bretton Woods that included Paul Volcker."

He said Germany's goal was "to guarantee stability" in foreign-exchange markets "and therefore to look at some kind of target zones as the basis of international cooperation."

Stanley Fischer, the International Monetary Fund's first deputy managing director, on Thursday rejected Mr. Lafontaine's proposal. In an interview published in the Handelsblat newspaper, Mr. Fischer warned it could "lead to destabilizing speculation, if the exchange-rate bands are too narrow."

Although Mr. Lafontaine and Mr. Ciampi both backed full tax harmonization in the European Union, a spokesman for Mr. Brown said London agreed on the need to battle unemployment but did not see tax harmonization as a priority.



Mr. Ciampi arriving for a news conference in Rome on Thursday.

CLINTON: In TV Talk, Japanese Get to Know the President Better

Continued from Page 1

forward manner, and I believe they did, yes. That's really a question you could ask them better than me."

The moderator, Tetsuya Chikushi, stepped in quickly. "Thanks you very much. Let's change the topic now," he said.

Mr. Clinton's purpose was to continue to nudge Japan to take steps to revive its stagnated economy, at the same time providing reassurances that Japan had not lost its special relationship with the United States. For years, the Japanese basked in the oft-quoted refrain that the U.S.-Japanese ties had grown into the world's most important bilateral relationship. But Japan these days is acutely sensitive to signs that its status is slipping while Washington turns its attention to China, the rapidly emerging Asian giant.

The format Thursday night, which the

White House sought out, seemed uniquely suited to Mr. Clinton's goal of soothing the anxieties of the Japanese people. Having mastered the town hall format while campaigning for the presidency, he has over the last year employed it overseas, first in Argentina in 1997 and, most notably, last summer with students in China.

On the economy, the most sensitive issue of his visit to Japan, Mr. Clinton struck a softer tone than has been heard from Washington since the Asian economic crisis struck more than a year ago. Instead of blasting Japan for inaction, as a series of administration officials have been doing for more than a year, he offered what he referred to as "the advice of a friend."

"The United States views Japan as our friend, our ally for the future," he said. "We regret that you have the present economic challenges you have but we don't think you should

be too pessimistic about the future."

"I would urge you to support your government in aggressively dealing with the financial institutions, aggressively moving to support greater consumption, aggressively moving for structural changes that will create more jobs."

"A strong Japan is good for you, but essential to the rest of Asia emerging from its present difficulties. Don't be discouraged, but do be determined. That would be the advice of a friend."

Although the government of Prime Minister Keizo Obuchi has been widely maligned by American officials since Mr. Obuchi took office in July, Mr. Clinton urged patience.

"Do not judge too hastily, too quickly," he said. "I think the big things that have been done here are essentially moving in the right direction."

Mr. Clinton offered reassuring words on China, saying that stable relations between China and the United States were good for Japan. He urged Japan to try to improve relations with China as well.

"It's now been quite a long time since the last world war," he said. "I think whatever remaining misunderstandings there are should be resolved."

Mr. Clinton also addressed the question of U.S. troops on Okinawa, where residents have been angered by years of accidents, crime and other bad behavior among American servicemen.

"I am very respectful of the challenges that our presence has caused to the government and people of Okinawa," Mr. Clinton said. "I hope we can continue to ease the burden on the people of Okinawa, but stay for as long as Japan and the United States agree that it is wise for us to stay."

Mrs. Kato said nothing she had heard from Mr. Clinton would lessen her anger over American criticism of Japan's handling of its economy. She said that she had found his answers on Okinawa and the economy a little disingenuous, and that Mr. Clinton did not seem sensitive enough to the plight of Japanese family farmers.

Mrs. Kato said she had little sympathy for Mr. Clinton's sex-scandal problems. "If that was my husband, I would kill him," she said.

But she also said she could not help liking Mr. Clinton, which may be the best he can hope for in the next two days.

SMOKE: Epidemic Predicted

Continued from Page 1

stand how dangerous smoking is," said Yang Guo, a professor at the Chinese Academy of Preventive Medicine and author of one of the books. "Over 50 percent of Chinese people are smoking, and this is a very bad trend. It's not just a bad trend, it's a long cancer."

Adding to the concern, "Policymakers act on evidence and until now there's been no evidence from China."

In the last two years, the Chinese government has organized anti-smoking campaigns and smoke-free days, banning cigarette advertising and imposing smoking bans in public places. But it is the beginning of a long uphill battle.

Selling cigarettes is a lucrative business in China, which produces more tobacco than any other country on earth and where the government owns an estimated 90 percent of tobacco companies.

Cigarette companies are still the sponsors of many sports events catering to young people, from the Marlboro Soccer League to the 555 motor-cross races.

Leisure

From Kumquats to Katmandu A Small Chinese Town Carves an Oasis for the Tourist Trade

By Katherine Tanke

YANGSHUO, China—A huge poster of Mao hangs on the kitchen doorway. In the brave new world of 1990s China, the Great Helmsman has been born again as an icon of good fortune. "He is a king, dragon-god. Hanging his picture on doorways brings good luck," one local said. "I don't believe it myself, but my grandmother insists it's true."

Things have changed in Yangshuo. This small country town once known for its pomelos, kumquats and not much else has created its own special niche in the nation's burgeoning tourist trade. Cashing in on a steady flow of tourists from nearby Guilin, locals have transformed this once impoverished rural outpost into a last-day Katmandu, offering visitors the chance to experience a side of China often hidden to visitors.

For a first-hand glimpse of country life, I joined up with Li Yun Zhao, one of a dozen local farmers who offer tailor-made tours into the countryside, including lunch in their own homes. These popular tours give visitors a chance to experience village life at close quarters and sample authentic rural cuisine. A bicycle, some basic English and a notebook to record the glowing comments of satisfied customers are all that's needed. A launch is a lucrative career as a rural tour guide.

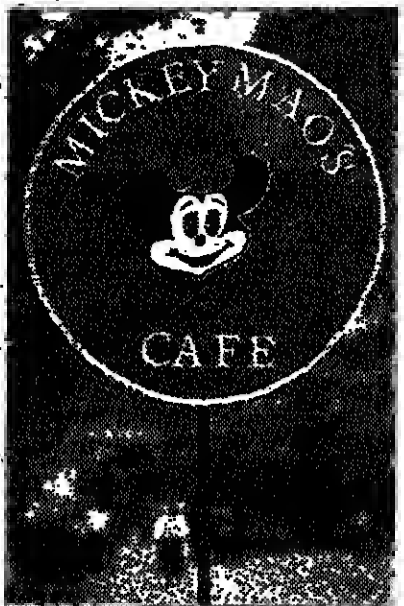
Li first began giving tours in 1992. "I needed to make money," she said as we set out from Yangshuo on foot. "My house was very old and I wanted to send my three children to school. A few women were already doing tours and I thought, hey, I can do that!" We cut down a dirt path and were soon lost in the undulating karst rock landscape the Guangxi region is famous for.

Mossy limestone peaks towered above a patchwork of fish farms, citrus groves and paddies laced with meandering, jade-green streams. A group of women, knee-deep in paddy mud, teased

Li as we passed, scolding her for strolling around when there was work to be done. I was invited to roll up my trousers and get down in the mud to try my hand at transplanting the tender rice seedlings.

Li spoke with candor about life for the contemporary peasant in this part of the world. Collective farming ended in 1981 when every family was allotted a portion of land. "Before, if you were lazy or worked hard, you got the same. So no one bothered working hard and there were bad harvests. Now if people work hard they can do well."

We passed through a small village where the sound of voices reciting lessons echoed from a schoolroom. On a grassy verge sat a lone toddler clutching a rice bowl while mother worked in the fields nearby. "No mother-in-law," Li said sadly, asking how women in the West managed without the live-in help most Chinese women take for granted.



Mickey Mao's serves good, cheap Chinese and international food.

Her relationship with her own mother-in-law had a rocky start, marked by conflict that sometimes led to violence. "But that's all in the past," she said. "We get along very well now."

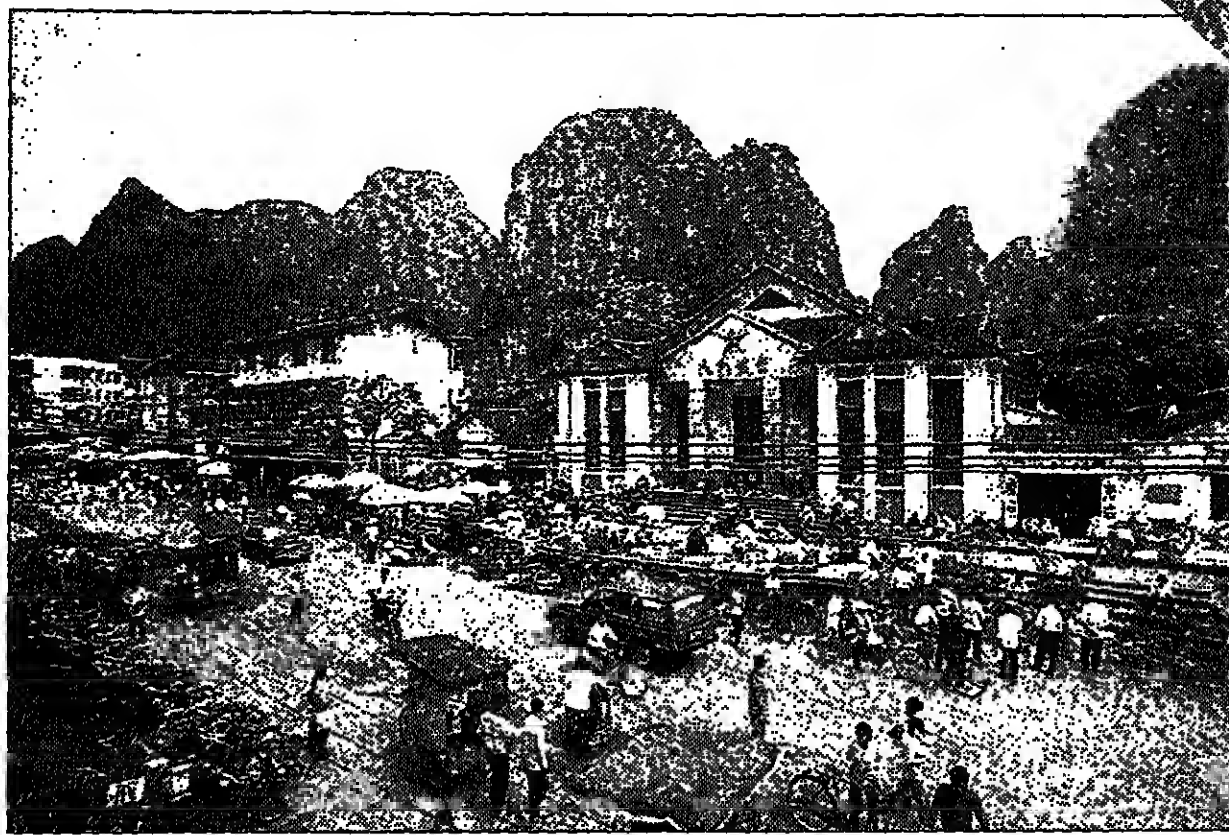
It's no wonder. Li is the family cash cow, sometimes earning in a week what other farmers earn in a year. Thanks to her success, the 300-year-old family home has been replaced by a two-story house complete with satellite dish. In the front room, a large television blared a Qing Dynasty-era soap opera while Li served a lunch of fried lotus flower, spicy chili salad and soup.

AN IDEAL BASE

"That was a very bad time," she said gravely as the image of threadbare peasants fighting to catch handfuls of grain filled the screen. Above the television sat a shrine invoking the ancestors to bless the family with good luck, surrounded by the school certificates of her three children—a triumph for a woman who managed only three years of school before being relegated to the kitchen.

Although Yangshuo originally served as little more than a stopping off point for river cruises from Guilin, the town now boasts enough amenities to serve as an ideal base for exploring Guangxi's many attractions. Travel agents in town can arrange tours, tickets and excursions to Dong villages and the famous rice terraces of Longsheng. But there is also plenty to do right here. There are bicycles for hire and the aquatically minded can rent inner tubes and kayaks for a day on the river.

One-day boat tours are one of the most popular excursions. The five-hour ride to the village of Yangdi weaves through some of the prettiest sections of the Li River. Craggy peaks with names like White Tiger Hill and Pen Holder Peak hang the river's edge. Fishermen on rafts made of tightly lashed bamboo skim across the water like gondoliers, ignored by the water buffalo that graze by the shore. On misty days the landscape takes



Once known for its pomelos, kumquats and not much else, Yangshuo is cashing in on the flow of tourists.

on a haunting quality, hinting at the legends bound up in these ancient peaks.

Follow the river south for an hour to Fuli, a small village of muddy footpaths and crumbling stone houses. The main attraction is the biweekly market, which draws thousands from the countryside. Here you can see the machinations of China's free-market ethic in full flight. Everything from toads to rat poison—and of course more conventional produce—is flogged in an enormous market square the size of an aircraft hangar. There were giant tubs of catfish and eel, sacks stuffed with tobacco and men barbecuing pork trotters with a blow torch.

After an hour wandering the market maze, I climbed on the bicycle I had brought by boat and cycled back to Yangshuo along quiet country roads. Long gone are the days when the only

accommodation in Yangshuo were state-run flophouses with hot water restricted to a few hours in the evening. The Yangshuo Paradise Resort offers international-standard rooms starting at \$100, but you can save up to 50 percent by booking through an agent.

It's also worth checking out the private guest houses, many of which compete for the growing upper-end market and boast "luxury" and family rooms with private bath for a fraction of the price. Cafés with fetching names like Mickey Mao's and The Red Star Express have English menus and serve good, cheap Chinese and international food.

Much of Yangshuo's appeal lies in its unique ability to reconcile such tourist kitch with the town's down-home country charm. Beyond the souvenir stalls and tourist cafés, everyday

Yangshuo lives on. Tractors heading for the fields plow noisily down cobbled streets; men huddle outside shops playing mahjong while kids wailing bad-minton rackets leap and squeal in the streets. And because tourism has been a boon, visitors are welcome.

Autumn is the best time to visit—you avoid the heat of summer, when temperatures can reach 40 degrees centigrade. It's even possible to combine a stay in Guilin with a few nights in Yangshuo. Although Guilin is still better known, more and more people are forgoing the hermetically sealed safety of its star-rated hotels to wallow in Yangshuo's country charms. The odd Mao poster here and there hasn't hurt either.

Katherine Tanke is a journalist who travels frequently in Asia.

Away From It All: Isle of Wight

By Susan Allen Toth

RYDE, England—In late fall, many British seaside resort towns have a haunting charm. In the damp chill of early dusk, a festive air lingers in the scattered lights of a few year-round restaurants, the muted clamor of games from an open arcade, the glimmer of Victorian lamps over a deserted boardwalk. Tourist-season signs—"Fudge and Salt Taffy," "Postcards, Souvenirs, Maps"—hang above closed shops.

Shuttered and secluded, these towns have a hushed feeling, as if they were waiting for something to happen. In the lull between mellow autumn and the battering of winter storms, they offer a brief sense of suspended time. Last fall, when my husband and I were planning an early December trip to London, I decided that sense of suspension was just what we needed.

When I studied the map, I kept returning to the intriguing shape of the Isle of Wight, 23 miles (37 kilometers) wide and 13 miles long, off the southern coast. Brochures for the island, a summer holiday mecca, trumpeted regattas: Queen Victoria's country retreat, Osborne House, and tourist attractions like a fantasy park, steam railway, golf courses and zoo. Far from undiscovered, it was dotted with towns and villages.

When I read about the off-season Isle of Wight, however, it seemed a different kind of place—no regattas. Osborne House often closed, holiday villages shut down. My Outdoor Leisure Map outlined vast stretches of beach, coastal walks and inland footpaths, and my tourist handbook promised, with only a little hedging, a semi-Mediterranean climate. After a two-hour drive from Gatwick airport, London, and a half-hour ferry ride, we'd have all that sea waiting for us.

PREPARING FOR CHRISTMAS

Ryde, a busy little resort town on the north coast a few minutes' drive from Fishbourne, where the car ferry arrives, was already getting ready for Christmas. When we found a small hotel open for a late lunch, we watched our waitress doing double duty as she hung lanterns and strings of colored lights around the cheerful room. Outside, just beyond an enclosed garden where a few roses and geraniums still bloomed, we could see the waves washing up on the sandy shore.

After setting into Little Orchard, a bed-and-breakfast outside the tiny village of St. Lawrence on the southeast coast, we made our plans. Walks, some exploration by car, and, unexpectedly, the theater—for we had seen a notice in the window of the nearby village

hall. The Pepperpot Players, a local dramatic society, would present a thriller-comedy by Simon Brett in the hall the following night. Tickets, under \$5, would include refreshments.

On Saturday morning, we awoke to bright sunshine, and we only needed light jackets for our planned four-mile walk, neatly mapped out in an Ordnance Survey guidebook. We began on a grassy cliff near Ventnor, a coastal town near our inn called the "Madeira of England" because of its terraced streets carved into the steep hillsides. We then descended to a cove, where sun-flecked ocean spray dashed almost to the doors of several shuttered cottages.

Climbing again, we detoured into the 22-acre (nine-hectare) Ventnor Botanic Garden, still blooming with fuchsia, roses and enormous bushes of rosemary. This sheltered oasis is designed as a Victorian subtropical



The view from Ventnor, called the "Madeira of England" because of its terraced streets carved into the steep hillsides.

garden, with sections devoted to Australia, southern Africa, New Zealand and the Mediterranean, among other regions, and a medicinal garden containing plants used in folk remedies.

Continuing up, we entered Paradise Walk. This path, slippery with wet leaves and fresh-smelling compost, took us back into the shadow of overhanging trees. Thickly wooded with shrubs and ferns as well as trees, Paradise Walk felt like a quarter-mile slice of jungle. Above us was part of the Undercliff, one of the island's most remarkable geological features, a seven-mile natural terrace formed by a slippage of chalk and limestone. Eventually, we emerged onto High Downs. Walking along the edge of Rew Down, a nature reserve, we could see past green pastures, sheep and houseplants to the glinting sea far below. Winter seemed wonderfully far away.

After lunch—fresh crab at a pub where our windows looked out on surf a few yards away—we drove across the island, meandering on country lanes, to Carisbrooke Castle, with an imposing medieval gatehouse, massive stone ramparts and a deep moat. Charles I was briefly imprisoned in the castle, before his eventual be-

heading in 1649, but the fortress seemed almost cheerful in the balmy afternoon sun.

Our night at the theater was a highlight of the weekend, a village event packed with local people, who pulled out extra chairs for us. The small rectangular space made a surprisingly effective playhouse. At intermission, after we had our tea, a lady passed trays of cookies down each row, and another conducted a lively raffle (at about 16 cents a ticket) with prizes that included a bottle of wine and a box of Christmas sparklers. The play was charming, and its actors confident and well-rehearsed.

On Sunday morning, we circled half the Isle of Wight, driving south and then northwest along a stunning coastline toward the Needles and Alum Bay. Judging from the size of restaurants and gift shops, summer tourists flock to see the bay and its

Needles, three dramatic white-chalk outcrops jutting from the water. The bay, named for the alum that was once extracted here, is famous for its strata of sandstone in white, black and soft shades of green, red, yellow and brown. The sands are sold in various souvenir forms. But on this gray, chilly day, the chairlift down to the beach wasn't working, only one gift shop was open and we walked by ourselves to the lighthouse that guards the bay for views of the spectacular cliffs.

In late morning, we still had time to stop at Tennyson Down, named for the poet, less than two miles from the Needles. In Farringford, his house

at the foot of the down, Tennyson wrote some of his best-known poetry, including "Idylls of the King." On the down, which is marked by a monument where Tennyson used to take his daily exercise, we joined a handful of well-wrapped walkers and their dogs, who were braving a sharp wind with equanimity. But a very short, cold walk was enough to drive us back to the car in search of a classic English Sunday lunch: roast beef, Yorkshire pudding and sherry trifle at the Folly Inn, still another waterside pub, down a winding road next to a marina.

After lunch we wandered around the island, passing through several quiet towns and yet more country lanes among fields and pastures. As dusk began to fall, we paused at Shanklin, just up the eastern coast from our inn, for one last seaside walk. Except for one amusement pavilion, everything on the beachfront was closed. Only a few lampposts and the pavilion's blinking lights cast slanting gleams onto the wet sand. As we walked, the beach seemed to stretch for miles in the freshening dark.

Susan Allen Toth, whose most recent book is "England for All Seasons," wrote this for The New York Times.

MOVIE GUIDE

AMERICAN HISTORY X

Directed by Tony Kaye. U.S. Advertisements for the controversy magnet that is "American History X" seem to be selling Edward Norton's huff physique, savage scowl and swastika tattoo in equal measure. So they reflect the film's bold but reckless synthesis of visual endorsement and rhetorical fever. Presented in the ersatz poetic idiom of videos and commercials, this is an inflated yet gut-slugging film that dares to address America's neo-Nazi culture with brutal candor. Its toughest images stick even when its lurid self-aggrandizing spins out of control. Having made his electrifying screen debut with an essentially dual role in "Primal Fear," Norton now plays a two-faceted character with even more fury. He appears as the ideologically double-jointed Derek Vinyard, who begins the film as a hate-mongering skinhead only to undergo a total personality transformation. Once Derek renounces his past ("Those guys, the gang, that life—I'm done with it"), the film can consider the lingering residue of bigotry. Not surprisingly (the executive producer, Steve Tisch, was also a producer of "Forrest Gump"), it repudiates the same violence it initially exploited in shocking, lovingly slow motion. Though its story elements are all too easily reduced to a simple outline, "American History X" has enough fiery acting and provocative bombast to make its impact felt. For one thing, its willingness to take on ugly political realities gives it a substantial raison d'être. For another, it has been directed with a mixture of handsome photo-realism and visceral punch. The filmmaker of record is Tony Kaye, but he has renounced this substantially re-edited version of his work. It's easier to acknowledge the heady mix of flash and conscience that Kaye has created, in a manner reminiscent of politically aware hyperstylists from Michael Cimino to Spike Lee, than to know whether suffocatingly melodramatic music, pensive water images and lingering, super-tight close-ups were necessarily the director's own ideas. As written by David McKenna, "American History X" centers on a racist killing that Derek commits with horrifying gusto. It's the kind of film that milks this violence furiously and also tries to heat up this episode by watching Derek in a sexual tryst just before the violence occurs. Though Fairuzza Balk plays his nose-ringed racist sweetie here, the rest of the film brims with the tacitly homoerotic energy of its skinhead bullies. The vastly talented Norton plays him searingly well, but Derek is as thin a straw man as the story's other characters, who are conceived as essentially passive products of their small-minded environment. The film's pivotal figure is Derek's impressionable younger brother, Danny, who has a spongelike interest in everything Derek espouses. As written by Edward Furlong, is the film's most blatant reminder that actions have consequences, though this is something most viewers already know. (Janet Maslin, NYT)



Edward Furlong, left, and Edward Norton in "American History X."

manor, you wonder what indeed God has wrought. Skinny, knock-kneed, a waif with a crooked smile and a dress that looks hand-stitched out of sequins, polka dots and spit, Serena is hardly made of the stuff a blue blood would consider for breeding purposes. After a quick scene of disillusionment with the aristocrat, she meets Roland, a farmer (Serge Riaboukine), who is smitten to the point that he robs banks to finance their nuptials. But on the wedding night, Serena runs off with Antoine (François Cluzet), lord of another castle. Depressive Antoine is a writer who locks Serena in his tower, keeping her on hand for inspiration. Downstairs is his wife, Marianne (Dubreux), the woman behind the throne as it were, and the only serious character in the movie. It doesn't take Marianne long to figure what her husband is up to, and dig into Serena's past, determined to plot a film tight and make it look loose. Debutant Depardieu, wrapped in her unbuttoned button-down décolleté, reentering in spike heels, turns, on the stroke of midnight, into a bewitching fairy princess. (Joan Dupont, IHT)

MEET JOE BLACK

Directed by Martin Brest. U.S. Death is not proud, death is right stupid. "Meet Joe Black," with Brad Pitt, is a near-death experience: Time seems to stop as we stifle in our seats and the actors all whisper as if they're at a wake. Martin Brest, the director, obviously embraced that old saw—death is nature's way of telling us to slow down—in making this funereal-paced fantasy about love, loss and peanut butter. Inspired by the 79-minute chestnut "Death Takes a Holiday," this over-stuffed, if beautifully mounted, version now plods along for three monotonous hours. The two films share the same premise. Death, who assumes human form to spend some time among the living, unintentionally falls passionately in love. But this time it takes twice as

long to tell, given the bloated script. Brest's self-indulgence and the cast's halting delivery. It's as if the actors had three hours to fill, but only two hours of script, so everybody had to talk... real... slow... leaving us plenty of time to ponder the set decoration (Is that Rothko genuine?) and the stars' imperfections. Is that a pimple on Claire Forlani's nose? Is Brad Pitt wearing mascara? The bladder-impaired will be relieved to learn there's enough time between lines for both a pit stop and a refill at the concession stand. Though the new picture is an improvement over the rusty original, its blithe spirit is not as effective as the 1934 film's ghostly, Gothic tone. Nor is Pitt as well cast as Freddie March, who played Death with Dracula-like flair. Pitt gives the almighty and powerful Lord of the Underworld the trusting, childlike demeanor of Forrest Gump and the blinding beauty of an archangel. Pitt is also comically awkward when he first takes over the body of a dashing young lawyer moments after he dies in a car accident. In this guise, he approaches William Parrish (Anthony Hopkins), a dying New York tycoon, with a brief stay of execution in exchange for showing him around. Parrish, the story's true focus, agrees to the arrangement, and from that moment, Joe Black is on him like lichen on a tombstone. He moves into his palatial estate, joins extended-family meals and invites himself to Parrish's board meetings. Parrish remains a gracious host, content to wrestle with his impending departure until Joe begins to fall for peanut butter and Parrish's favorite daughter (Forlani) begins to make bay with the Grim Reaper. Ostensibly, Death dropped in on the Parrish clan to learn what it is about life that makes people cling to it so. Certainly, he found answers within the family's opulent community. But wouldn't the lesson have been more meaningful if Joe had visited with a family struggling to make do, but who shares its peanut butter anyway? (Rita Kempley, WP)

THE FREQUENT TRAVELER

The Quest for a Better Deal

By Roger Collis
International Herald Tribune

A GROWING number of business travelers are searching for discounted tickets not just in economy but in business and first class. A large majority is happy to use no-frills airlines on short-haul routes — especially in North America and Europe, and an overwhelming majority believes that global airline alliances are a benefit — because of the range of destinations, better connections, more frequent flights, and the ability to earn and redeem frequent flier miles on a broader network; and there's more use of the Internet for flight information, though less than 10 percent of travelers make on-line bookings.

These are some findings from the International Air Transport Association's Corporate Air Travel Survey 1998, published last month. The survey reflects the views of more than 1,000 frequent business travelers from France, Germany, the Netherlands, Britain, Canada, the United States, Australia, Hong Kong, Japan and Singapore who had made at least one long-haul trip in the previous 12 months. Interviews were conducted during July amid fears of a global recession.

Budgets are starting to be constrained, with more cuts envisaged in the next six months, especially among Asia Pacific travelers. Twelve percent of travelers expected budgets to be cut (twice as many as in 1997), and 55 percent foresaw no change in the next 12 months. Sixteen percent of Asia Pacific travelers were expecting budget cuts — more than three times as many as in 1997 — compared with 13 percent of Americans and 9 percent of Europeans.

But we're still talking about relentless travel. Thirty-nine percent made a trip either once a month or once every two months, and more than a quarter of the sample traveled more frequently.

Conferences (20 percent) and internal company visits (19 percent) are the most common reasons for travel, followed by sales and service calls (17 percent) and marketing trips (14 percent). Asia Pacific travelers were more likely to be attending a conference. Sales and service calls and internal company visits are more common among very, very frequent travelers.

What is surprising is that 29 percent of travelers have used video conferencing,



who are regular on-line users and take at least 10 overnight business trips a year.

Sixty-five percent "always or almost always" use a laptop on overnight trips to access or send e-mail — 84 percent at least once a day — and 67 percent say they access the Internet at least once a day during their trip. Twenty-five percent say they usually use a cellular phone to get in touch with the office.

They typically work an average of 11 hours a day, compared with 9.5 hours back at the office. More than two-thirds call home while away.

Forget the food, it's the schedule and a reputation for safety and punctuality that counts when choosing an airline, according to the OAG Business Travel Lifestyle Survey 1998, published by OAG Worldwide this week. The survey is drawn from a sample of 3,000 business travelers from nine countries across North America, Europe and Asia Pacific.

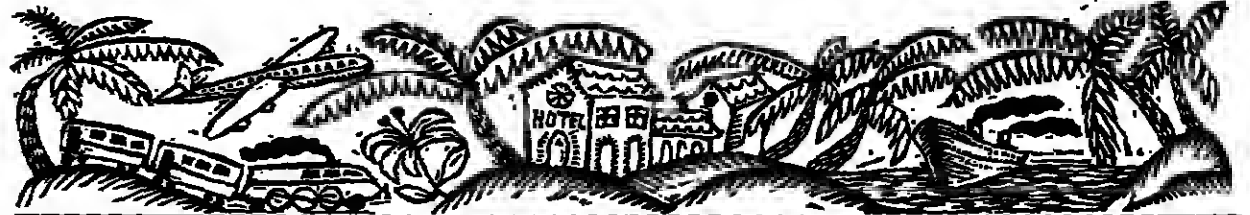
Corporations have taken more control of business travel: Nearly nine out of 10 travelers are bound by some form of corporate travel policy compared with two-thirds in 1997. American and Australian companies are most vigilant in policing policies, being more concerned about enforcing class of air travel than choice of airline. But only three in 10 are restricted in their choice of hotel.

Business travel, it seems, is not for the young. The average age of road warriors is 47 years and only one in 10 is under 35. Australia has the highest proportion of over-55s. And travelers are making longer trips involving more nights away in hotels (45 nights a year on average). Italians and Singaporeans are the most frequent international travelers, closely followed by the British and the French. Americans make more air trips than anyone else, but a third of all American frequent travelers have not been abroad on business in the last 12 months.

More people take laptops on trips than ever before — six out of 10 travelers say they will use them in-flight and nine out of 10 in hotel bedrooms. Three-quarters had an Internet connection and more than half go on-line while they're away. One third have used the Internet to get travel information; but only 10 percent have used it to book travel.

Roger Collis can be reached by fax at: (33-4) 93-74-77-92.

GOOD TRAVEL DEALS



GETTING THERE

AIR INDIA	London to New York	Round-trip in business class for £811 (\$1,350). Until Dec. 15. The Travel Bug, (44-171) 835-1111.
CONTINENTAL AIRLINES/VIRGIN ATLANTIC	Britain to United States	Round-trip nonstop flights from Heathrow to Miami for £182 (\$303) and to Los Angeles for £207. For departures between Jan. 1 and March 25. Some conditions apply. Trailfinders (44-171) 937-5400.
EMIRATES	London to Singapore	Round-trip (via Dubai) in business class from £1,484 (\$2,470). Until Dec. 5. The Travel Bug, (44-171) 835-1111.
KENYA AIRWAYS	London to Seychelles	Round-trip from Heathrow to Mahé, Seychelles (via Nairobi) for £328 (\$546). A stopover is allowed in Nairobi either way for an extra £31. Minimum stay seven days; for departure between Jan. 1 and March 31. Trailfinders, (44-171) 938-3939.
SINGAPORE AIRLINES/SILK AIR	Singapore	"Singapore Stopover" package is available to travelers arriving and departing on long-haul flights on certain routes between North America, Europe and Australasia. Benefits include: first night hotel from \$1 and additional nights from \$30; entrance to the zoo; Night Safari; Tang Dynasty City, Sentosa Escapade, Volcano Land, the Malay Cultural Experience and other attractions; 50 percent off sightseeing tours in Singapore and 50 percent off Hertz car rental; plus shopping discounts at Changi Airport. Some conditions apply. Not for sale in Singapore or Malaysia peninsula. Until March 5.
THAI AIRWAYS	London to Bangkok	Round-trip fares from Heathrow to Bangkok on new thrice weekly (Saturday, Tuesday, Thursday) evening flights for £480 (\$800), with tax, and £510 with onward connections to Phuket, Chiang Mai, Chiang Rai. Minimum stay seven days. For departure before Dec. 9 or between Jan. 16 and March 31. (44-171) 499-9113.
VIRGIN ATLANTIC	London to New York	Round-trip for £230 (\$383). Until Dec. 12. The Travel Bug, (44-171) 835-1111.

WHERE TO STAY

THE HALKIN	London	Doubles for £250 (\$416) a night with tax and English breakfast (normal rate from £350) or a suite for £350 (normal price £495). From Dec. 18 to Jan. 31. Stay between Jan. 2 and 31 and claim a £50 voucher to spend at nearby Giorgio Armani.
HYATT	Worldwide	"Great Deals" promotion offers up to 50 percent off regular room rates at 60 properties worldwide (including 35 Hyatt hotels in Asia Pacific). Gold Passport members staying two or more nights can earn up to three free weekend nights or 6,000 bonus miles with Hyatt's "Nights after Nights" promotion in addition to Great Deal rates. Until Feb. 28.
KEMPINSKI HOTEL PLAZA	Jakarta	"Executive Meeting Package" for \$95 a night single (\$110 double) includes standard room, breakfast, lunch, audio-visual equipment, meeting room. Minimum 10 persons. Until Jan. 31. (62-21) 251-0888.
THE PENINSULA	Hong Kong	"Peninsula Plus" promotion offers singles for 2,700 Hong Kong dollars (\$348) and doubles for 2,800 dollars, with room upgrade, American breakfast, and late check-out until 6 P.M. From Jan. 4 to Sept. 30.
THE PENINSULA	New York	Singles/doubles for \$420 a night (plus tax) includes room upgrade, American breakfast, and 6 P.M. checkout. Jan. 1 to March 31.
TRADERS HOTEL	Singapore	"Superior" singles for 158 Singapore dollars (\$95) and doubles for 168 dollars. Until Dec. 31. (65) 831-4282.
TRADERS HOTEL	Singapore	"Celebration Package" for 168 Singapore dollars (\$101) per room per night includes a 50 dollar credit for food and beverage and a half bottle of champagne, use of fitness center with sauna, steam bath, outdoor pool; 3 P.M. check-out. From Dec. 1 to Feb. 28.

Compiled by Roger Collis. Although the IHT carefully checks these offers, please be forewarned that some travel agencies may be unaware of them, or unable to book them.

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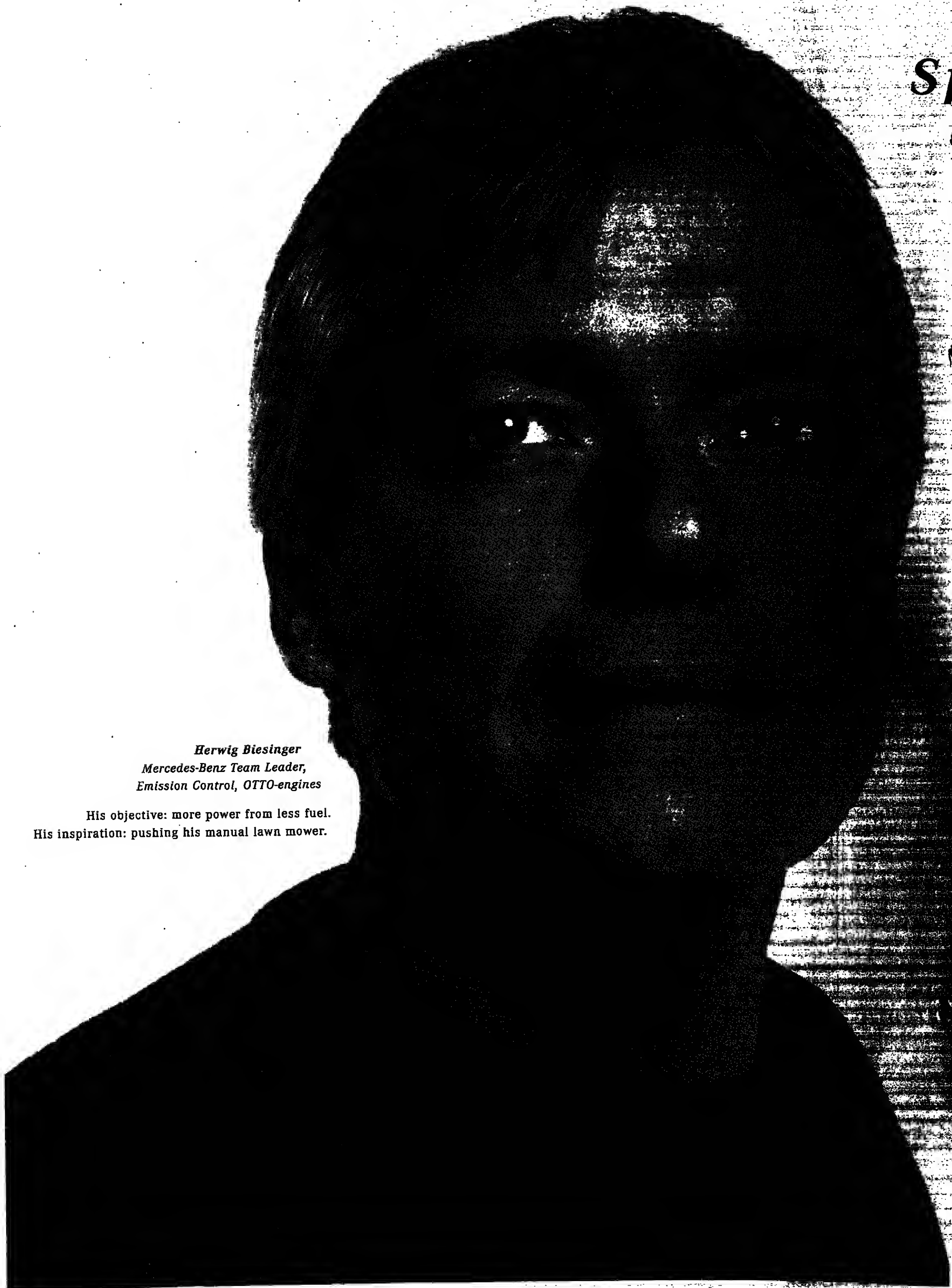
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OPINION/LETTERS

Defense of Human Rights Ought to Be Automatic

By E.J. Dionne Jr.

WASHINGTON — The United States needs a more consistent record on human rights, so each protest and declaration against a foreign leader for his human rights record carries real force.

Vice President Al Gore caused a ruckus this week when, speaking for the Clinton administration, he rebuked the Malaysian government for putting down dissenters and praised the bravery of those protesting the policies of Prime Minister Mahathir bin Mohamad.

Nor did Mr. Gore back down when Mr. Mahathir's enraged government attacked him for "gross interference in the internal affairs of the country" and for threatening "harmony and stability." It just ruins a political leader's day to have someone say he should not jail his political opponents or beat them up.

Mr. Gore's comments came at a meeting of the Asia-Pacific Economic Cooperation forum, known as APEC, in Kuala Lumpur. His words need to be seen as part of a long argument between advocates of democracy and leaders of some Asian nations who, when it serves their interests, claim that basic freedoms are a Western cultural import. These leaders use the slogan "Asian values" to allow them to run their countries as they wish, and do to their people what they want.

That is why one of the important statements in support of Mr. Gore came from President Joseph Estrada of the Philippines, who flatly rejected cultural relativism when it comes to liberty. "I don't interfere in Malaysia's domestic problems," Mr. Estrada stated, "but I've said human

rights and due process of law transcend all boundaries.

The joker in the "Asian values" deck is that these values are always invoked by people who hold political power against those contesting them for it. Condemnations of the West serve as a cover for their own self-interest. Rulers of Communist and fascist states did much the same when they dismissed civil liberties as the creations of "bourgeois democracy."

But whenever the United States government does stand up for "human rights and the due process of law," it always risks being criticized for inconsistency and selective moralism. Unfortunately, it is true that the U.S. government is not consistent on these matters — witness the administration's policy toward China.

Advocates of a stronger U.S. commitment to human rights need to acknowledge an unpleasant fact: There will be times when the United States allies itself with dictators in defense of our interests, or with an eye toward the long term.

At the extreme, history has vindicated Franklin Roosevelt's decision to ally with Stalin's murderous regime to take down Hitler's murderous regime. Hitler posed the greater immediate threat to freedom and, although it took 45 long years, Communist tyranny in Europe was eventually overthrown.

But those who criticize human rights advocates as simplistic moralists invoke such examples too easily to justify doing business with anybody at any time. It was striking that Rafiqul Aziz, Malaysia's trade minister, cited American business people as coming to her



and criticizing Mr. Gore's speech during the APEC dinner.

"I had American and other friends from APEC, the business sector, the official sector, who came to us and practically apologized and they were disgusted as well," he told The Star, a Malaysian English-language daily. "I can imagine the embarrassment of the U.S. community here, they are totally flabbergasted."

What is flabbergasting is that those who enjoy freedom would be moved to condemn a vice president who declares that other people deserve the liberties Americans claim as inviolable. You have to hope that some do not prefer doing business in countries with authoritarian regimes, where messy strikers and other human rights demands do not get in the way of production.

Human rights advocates in the United States tend to be divided into niches — those who worry most about

religious liberties, those who care about labor rights, those who belong to the traditional human rights organizations. They span the political world from Christian conservatives to pro-union liberals, and include many people in between.

Those who think human rights deserve a higher priority in American policy-making need to sort out their differences and seek a set of consistent principles that might be applied practically.

The bipartisan congressional coalition that supports human rights — one thinks of the powerful California duo of Representative Christopher Cox, a Republican, and Representative Nancy Pelosi, a Democrat — should take the initiative so that such leaders as Mr. Mahathir can no longer claim that America's insistence on freedom is sporadic, inconsistent and easily dismissed.

The Washington Post

One Diarist's Germans

By Richard Cohen

WASHINGTON — For years now, I have been hearing about Victor Klemperer's diaries. For a time, they seemed a mere rumor — the day-by-day account of a "Jewish" intellectual during the entire Nazi period in Germany. The diaries were discovered in the 1960s, transcribed in the 1980s, published in Germany to much excitement and, now, published here in America — more than 500 pages of an ordinary life in extraordinary times. As drama, they are plodding. As warning, they are chilling.

Mr. Klemperer did not write "I Will Bear Witness" for publication. He had

most of the Germans who find their way into his diaries are not rabid Jew haters. Some of them, in fact, are embarrassed by the Nazi regime's gutter anti-Semitism and, with a degree of courage, tell Mr. Klemperer how they feel.

This is important. For as Martin Chalmers, the English translator of the diaries, points out, Mr. Klemperer's experience contradicts the assertions of such scholars as Daniel Goldhagen, who maintains that the Holocaust was a product of a unique and particularly rabid German hatred of Jews — "eliminationist anti-Semitism," in Mr. Goldhagen's term.

MEANWHILE

always been an inveterate diarist, persisting even after the Nazis assumed power and it was foolhardy and even life-threatening to do so. He wrote because, among other things, he was a writer. He wrote because he could puzzle things out better that way.

In the end, he wrote because it was his peculiar, personal counterattack, a battle he staged daily: "I shall go on writing. That is my heroism. I will bear witness, precise witness."

He was by no means an ordinary German Jew. In the first place, he was a convert to Protestantism — a Jew only at the insistence of the racist Nazis. His wife was also a Protestant and — another factor that set him apart from many Jews — he had served in a front-line unit during World War I and won the Iron Cross. For these reasons, he was excluded from some of the most oppressive anti-Jewish measures, including, of course, those that would have cost him his life. He survived the war and lived until 1960, a diarist apparently to the end.

That assertion would come as news to Mr. Klemperer. Instead, he feels he lives in what was once the most benevolent and cultured of all nations. He considers himself a German first, last and above all. He acknowledges cultural anti-Semitism, of course, but not of the sort the Nazis encouraged and implemented. "I am German and I'm waiting for the Germans to return," he wrote in 1942.

In fact, one of the more striking diary entries relates the time in 1938 when Mr. Klemperer pulls up to a roadside restaurant just as a speech by Hermann Goering, one of the top Nazis, is being broadcast. "Not one of a dozen people paid attention to the radio for even a single second," he wrote. "It just as well could have been transmitting silence or a fox trot from Leipzig."

But it is the diary he kept from 1933 to 1945 that commands our attention. It is full of fascinating detail, not just what you might expect — a reference to Kristallnacht, for instance, or the partition of Czechoslovakia — but the imposition of laws and regulations that slowly asphyxiated the German Jewish community.

If that is the case, it means that the Holocaust was not some exotic and inexplicable event where those weird Germans killed those weird Jews — a comet that will make but one appearance — but an atrocity that could be duplicated. Since it happened in one place once, it could happen in another place again. That is the lesson.

The Holocaust, Victor Klemperer's diaries suggest, tells us a little about Germans, a little about Jews — but an awful lot about us all.

The Washington Post

LETTERS TO THE EDITOR

A Swiss Lawsuit

On Oct. 15 ("Swiss Conservatives Sue Critic Who Testified on Jewish Accounts") you reported that Jean Ziegler, a member of the Swiss Parliament and a "relentless critic of Swiss banks and their dealings with Hitler's Germany," was the target of a lawsuit that seeks to charge him with treason.

His offense, according to his accusers, most of whom are apparently shareholders of large Swiss banks, is that in his book and in testimony before a U.S. Senate subcommittee, he defamed his country by reporting on the business dealings of its banks with the Third Reich.

The proposed indictment is a blatant effort to persecute a citizen for his opinions — a practice that should be repugnant to every freethinking society.

One of the cornerstones of any democracy is the ability to accommodate all forms of speech, unless it incites to violence. Regardless of how abhorrent or even incorrect criticism may be, the government response can neither be censorship nor imprisonment.

Essentially, Mr. Ziegler's opponents seek to tarnish him for exposing the economic collaboration of certain Swiss bankers and associated political figures with Hitler's Germany. His opponents' weakness is the fact that

history has recently recorded that Mr. Ziegler is correct.

Two reports commissioned under the auspices of a U.S. diplomat, Stuart Eizenstat, have concluded — independently of Mr. Ziegler's observations — that there was an economic relationship between Swiss financial institutions and the Third Reich that transcended the obligations of neutrality, affirmatively aided and abetted a belligerent, and had no moral justification.

In the face of these reports, it would appear that Mr. Ziegler's opponents are more interested in a witch hunt than in facing reality. The more dangerous question facing the Swiss prosecutor

is whether he is prepared to issue an indictment against those who sold Switzerland's soul during the war.

MICHAEL D. HAUSFELD, Washington.

The writer is a partner at the law firm of Cohen, Milstein, Hausfeld & Toll, which led the class-action lawsuit against the Swiss Banks on behalf of Holocaust survivors.

Canadians Only

As a non-Canadian writer, I was amused by the claim of the Canadian minister for cultural heritage, Sheila Copps, that "Canada is also the country most open to foreign cultures."

"On the Cultural Ramparts: Celine Dion for Canada" (Meanwhile, Nov. 17), I could paper her office walls with rejection slips from Canadian publishers, magazines and the state radio station reading, "Sorry, Canadian authors only."

DAVID ZANE MAIRWITZ, Avignon, France.

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Herald Tribune

BUSINESS/FINANCE

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RENAISSANCE HOTELS AND RESORTS

It's time for a Renaissance

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Bonn and London in Entente

2 Finance Ministers Call for Growth-Oriented Policies

By Tom Ichniowski
International Herald Tribune

LONDON — Britain moved to deepen its support with the new Social Democratic government of Germany and to increase British influence on European policy as the finance ministers of the two countries issued a joint call for efforts to stimulate growth and employment.

Finance Minister Oskar Lafontaine of Germany, in a visit to London, refrained from direct criticism of European central bankers, a moderation welcomed by British officials — of his recent rhetoric calling for lower interest rates. British officials insisted that new growth initiatives would not undermine price stability or European rules on deficit spending.

"We have a great degree of price stability," Mr. Lafontaine said. "But unemployment is too high, and we know what we need to do is create jobs."

Gordon Brown, the chancellor of the Exchequer, said the joint call was consistent with a recent agreement by the Group of Seven nations that deflation was no longer a risk to industrial economies than inflation did. But he pointedly differed with Mr. Lafontaine over recent German calls for tax harmonization in Europe.

During a 90-minute meeting, the two men agreed to establish a joint Anglo-German working group on job creation and economic reform. The effort mirrored an effort on social reform set

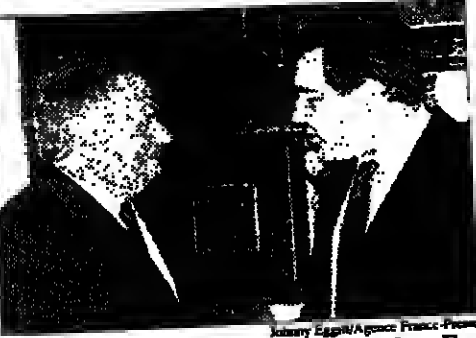
up by Prime Minister Tony Blair and Chancellor Gerhard Schröder two weeks ago and underlined the British government's attempt to use the new Anglo-German entente to get to the heart of European policy.

The two also discussed an initiative to more closely coordinate economic policies to promote growth and employment in Europe and to demand greater transparency on monetary policy by the European Central Bank. The initiative was to be cemented this weekend with the adoption of an economic manifesto by finance ministers from 11 socialist governments in the European Union.

A draft of the document has been seized on by some newspapers and opposition politicians here as evidence that Britain was joining a German-led move in favor of stimulative economic policies, including more government spending and calls for lower interest rates.

The draft does call on the European Central Bank, which will manage monetary policy for 11 nations adopting the single currency Jan. 1, to "conduct a monetary policy for the euro area following the goal of price stability, taking into account the need for growth and employment." It also urges the bank to be transparent in the conduct of monetary policy and to give regular accounts of its actions to the European Parliament.

But British officials noted that the emphasis on growth and employment merely reiterated the recent policy shift inside the Group of Seven nations,



Gordon Brown, chancellor of the Exchequer, right, welcoming Finance Minister Oskar Lafontaine to London on Thursday.

which agreed that deflation posed a greater risk in the industrial world today than inflation did.

The bulk of the document, which was initiated and largely written by Mr. Brown's special adviser, Ed Balls, was classic New Labour policy. It stresses a need to mix stable macroeconomic policies with structural reforms to spread opportunity, including better education, welfare reforms that encourage work, and reforms of capital and product markets to improve the functioning of the single European market.

British officials welcomed the recent moderation of Mr. Lafontaine, who denied this week that he was trying to pressure the Bundesbank into lowering interest rates, and who pledged earlier Friday, in Italy, to adhere to the debt and deficit rules under monetary union.

"Lafontaine is beginning to change his language," one official said.

Paris Bourse Set to Join Club

France to Hold Meeting on a Pan-European Market

By Alan Cowell
New York Times Service

LONDON — Struggling to avoid being sidelined in the Continent-wide equities market promised by Europe's soon-to-be-launched single currency, French authorities indicated Thursday that the Paris stock exchange intended to join an alliance between London and Frankfurt seen as the precursor of a pan-European exchange.

The Paris Bourse announced it would play host to a meeting next Friday, inviting eight other European exchanges to discuss "the steps and conditions needed to create a unifying and competitive pan-European equity market."

The announcement illuminated the way the introduction of the new currency, the euro, is reshaping Europe's financial landscape, forcing Europeans to think in continental rather than national terms both in finance and business.

It also suggested that exchange authorities in Paris, piqued by the announcement in July of a "strategic alliance" between the London Stock Exchange and the Deutsche Boerse in Frankfurt, had not only abandoned an effort to set up a rival exchange but were also seeking to gain the initiative by convening the gathering.

Some doubt remained, however, about the timing and technicalities of the French entry into the alliance. Dominique Strauss-Kahn, the French finance minister, said, "Paris is joining

this alliance with the creation from January 1999 of a joint company."

But officials in both London and Frankfurt — who welcomed the idea in principle — declined to say whether the timing and the arrangements were as advanced as the French official implied.

"I'm afraid I can't confirm anything like that," a representative of the London Stock Exchange said.

"The appearances are well ahead of the reality at this point," said an American banker, who spoke in return for anonymity.

"There are an awful lot of issues to be resolved," the banker added.

The euro is to be introduced in electronic trading, such as equities, bonds and futures dealings and intergovernmental transfers, on Jan. 1, although markets will not open until Jan. 4. Notes and coins in the new currency are to be introduced in 2002.

Initially, the currency will group 11 of the 15 European Union nations, leaving Britain, Denmark, Sweden and Greece on the outside. With its concentration of banking and trading, however, London is still expected to continue as the principal financial center in Europe.

The eight exchanges invited by the Paris Bourse to discuss creating the pan-European exchange are those in Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Stockholm and Zurich.

What Ails China? Drug Prices

Costs of Western Firms' Products Stretch Budgets

By Elisabeth Rosenthal
New York Times Service

BEIJING — When Sun Lili emerged from Beijing Children's Hospital, her pockets bulged with bottles of syrup and her hands jingled a tower of boxes containing powders and pills.

She had brought her 5-year-old daughter to the clinic with a cough. She left with two Chinese cold syrups, a potent broad-spectrum antibiotic, an inhaler and a little round device that jets powdered medicine into the lungs.

The doctor's visit cost less than \$1. But the medicines cost \$60 — half a month's salary — almost all of it for the three Western drugs.

"The medicine has gotten so expensive I really can't afford it," said Ms. Sun, a red-cheeked cleaning woman in a middle school, echoing a complaint of virtually everyone in China these days. "But, of course, she's my only child. And she's sick. I buy her the best."

Imported Western pharmaceuticals have taken China by storm, straining pocketbooks as they hold out promises of cure. The denouement of nearly every doctor's visit in China today is the prescription of a small pharmacy's worth of this year's hottest medicines, be they nonsteroidal anti-inflammatories or daily high-blood-pressure pills.

Such sales have been buoyed by a new and unlikely symbiosis: Western drug companies, have been aggressively courting China's doctors and hospitals not only with new pills but also with gifts, money and even kickbacks, practices that are banned in the United States. Their goal: to gain access to China's 1.2 billion potentially ailing citizens; many of whom have a seemingly unshakable belief in the curative power of name-brand Western pills.

In response, Chinese doctors prescribed hundreds of millions of dollars of mostly expensive Western medicine last year. But they have another motive as well: Cash-strapped Chinese hospitals are allowed to sell medicines their doctors prescribe at a profit, and the profit is far greater when doctors prescribe expensive Western drugs.

"There is a strong interest group forming of drug companies, hospital managers and doctors," said Qiu Renzong, a professor of biophysics at the Chinese Academy of Social Sciences. "In China, we produce some equally effective medicines, but we don't prescribe them anymore. The result is a heavy financial burden on the patients."

Drug sales have become a rich cash source for Chinese hospitals in the past two years, accounting for around 60 percent to 80 percent of their revenues, officials say. Although there are hundreds of Chinese drug companies producing traditional and Western-style medicines, medicine made by foreign or joint-venture companies now accounts for well over 50 percent of prescriptions in Beijing, Shanghai and Guangzhou.

Today, foreign drug and medical equipment companies pay for Chinese doctors to study overseas, buy hospitals new furniture and provide air-line tickets and hotel vouchers for conferences. In line tickets and hotel vouchers, the companies are even more controversial practice, the companies commonly pay hospital administrators and individual doctors "commissions" for stocking and prescribing their drugs, although such payments are against corporate policies and are illegal in China.

"If a pill sells for 5 yuan (60 cents), often more than half of that is spent to give little red packets containing cash to the hospital director of purchasing, to the pharmacy manager and a bit to the doctors themselves," said Li Ning, vice president of Beijing's Chaoyang Hospital.

"Of course hospitals have regulations banning kickbacks," said Mr. Li, a young general surgeon who studied hospital administration at the University of Minnesota. "But this is hard to catch, and we know the rules are not very effective."

The relationship between Western companies and China's doctors has helped introduce valuable drugs and equipment into China, which generally permits the importing of any drug approved by U.S. regulators. But in other cases the high-priced products offer only slight advantages.

"Western medicines and medical equipment have greatly contributed to medical costs that are rising 35 percent a year," Mr. Li said.

Many of the companies operating in China refused to discuss their practices, but Thomas Reinert, a spokesman for Bayer AG, the German pharmaceutical concern, said Bayer had priced medicines lower in China than in most of the rest of the world and that it specifically forbade payments to doctors. He said the company followed an industrywide international code of conduct that allowed, for example, the sponsoring of medical symposiums but outlawed payments to encourage ordering products. Still, he said, "there is a gray zone in there."

Privately, many in and out of the industry acknowledge that young Chinese sales representatives, far from corporate headquarters, often flout conduct codes. "Hong bao," or little red envelopes stuffed with cash, are a semi-institutionalized part of Chinese life, at times offered to surgeons for operations as well as to journalists in hope of a favorable story.

"Practices that would not be O.K. in the West are quite common in China," one industry representative said. "And it's not just international drug companies — the Chinese companies are doing it too."

But Western companies have more money, and their incentives are tempting to doctors who often make just \$120 a month and who, without their help, would have little opportunity to read foreign medical journals or go to conferences overseas. Moreover, ever since China's hospitals lost last of their formerly huge government subsidies last year, Western drug sales have become essential for balancing hospital budgets.

While there are tight price controls for Chinese-made medicines, hospitals are allowed to set their own prices for Western drugs. Some state workers still have health plans that cover the cost of drugs, but many more now pay for medicines themselves or get only a small fraction of the costs paid by their employers.

Cities such as Shanghai and Beijing recently started requiring patients covered by state insurance plans to pay for any Western drugs. This month, the State Development Planning Commission said it would issue regulations to reform the drug-pricing system — for the third time in three years. But it system — for the consequences of the hospitals' sales business cannot be dealt with overnight.

Drug representatives who work in China like to



Visitors leaving a Beijing hospital where costly foreign drugs are often prescribed.

emphasize their role as educators. But Western doctors who have attended recent Chinese medical conferences say they are shocked to see the representatives sometimes giving the central lectures at what are billed as impartial scientific meetings.

"It is like the Wild West with a lot of flagrantly unethical behavior and few rules," said one doctor, who spoke on condition of anonymity.

Mr. Li, the hospital vice president, said he disliked the close relationship between hospitals and drug companies, even though that relationship now keeps his hospital afloat. "Now the state gives us policies but no money," he said. "So, for survival, the hospital has to have more patients and prescribe more drugs and scans."

Urban Chinese are avid hospital-goers and have a strong bias toward treating ailments with a tonic or pill. After a spate of newspaper exposés about counterfeit pills and poor quality control at some Chinese pharmaceutical plants, many people have grown at least a bit suspicious of domestic products. In addition, whether in handbags or medicines, the Chinese are fond of name brands, leaving Western pills with gangbuster sales and Chinese hard-pressed to afford them.

Economic Turmoil Means Lower Expectations for APEC

Difficult Meeting Forces a 'Reality Check' on Goals

By Michael Richardson
International Herald Tribune

KUALA LUMPUR — As the Asia-Pacific Economic Cooperation forum enters its 10th year after a sometimes stormy meeting here of national leaders and other high-ranking officials, the group seems to be grappling with political, trade and financial problems that are either too big or too hot for it to handle.

But as the heat and dust started to settle Thursday, some officials and analysts said that the meeting might turn out to be a useful reality check, for the organization and its critics alike.

"People had unrealistically high expectations," said Prime Minister John Howard of Australia. "They have undergone a reality check, but that doesn't mean to say there isn't still enormous benefit and a great deal to be derived from the organization."

In the heyday of supercharged growth and booming trade in the region, it was relatively easy for APEC governments to cut tariffs and open markets, analysts said. But now that current economic slowdown and unemployment is rising, it is more difficult to ignore demands for protection of national interests.

"It's not surprising that trade liberalization has not only become less important for APEC but more thorny," said Andrew Fung, an economist at Standard Chartered Bank in Singapore.

While the leaders of the 21 APEC member economies failed to produce a concrete plan of their own to deal with the region's financial

crisis, they issued a broadly worded pledge at the end of their meeting Wednesday to pursue a "cooperative growth strategy" to hasten economic recovery.

They also "renewed" their commitment to a 1994 plan agreed to in Bogor, Indonesia, to achieve free and open trade and investment within APEC by 2010 for developed nations and 2020 for the rest.

"It's notable that despite the pressure of this crisis, the momentum for liberalization in this region is very much intact," a senior U.S. official said. "It may look as if it's slowed in some sense, but what's significant is that it's still moving forward."

Nonetheless, the continued trade opening now being sought by President Bill Clinton of the United States as he visits Japan will be difficult to achieve, other officials and analysts warned.

Among the "too-hot-to-handle" issues passed on to other organizations by APEC this week was a fast-track liberalization plan to eliminate tariffs on trade valued at \$1.5 trillion in nine sectors.

The plan was agreed in principle by all APEC members a year ago, before the full force of the financial crisis hit the region. But in Kuala Lumpur, Japan adamantly refused to include two of the agreed sectors — fish and wood products — in the tariff-elimination plan. Both of those sectors are represented by politically powerful constituencies in Japan.

Under a compromise deal worked out by APEC ministers, the issue was pushed to the World Trade Organization, with U.S. officials saying there was a good chance a global accord covering all nine sectors could be

See APEC, Page 19

CURRENCY & INTEREST RATES

Cross Rates									
Australian	1.56	2.29	1.22	4.32	81.07	1.24	1.24	1.24	1.24
Canadian	1.48	2.26	1.22	4.32	81.07	1.24	1.24	1.24	1.24
Japanese	1.48	2.26	1.22	4.32	81.07	1.24	1.24	1.24	1.24
Swiss	1.48	2.26	1.22	4.32	81.07	1.24	1.24	1.24	1.24
UK	1.48	2.26	1.22	4.32	81.07	1.24	1.24	1.24	1.24
US	1.48	2.26	1.22	4.32	81.07	1.24	1.24	1.24	1.24
Other Dollar Values									
Canada	1.48	2.26	1.22	4.32	81.07	1.24	1.24	1.24	1.24
UK	1.48	2.26	1.22	4.32	81.07	1.24	1.24	1.24	1.24
US	1.48	2.26	1.22	4.32	81.07	1.24	1.24	1.24	1.24
Forward Rates									
Canada	1.48	2.26	1.22	4.32	81.07	1.24	1.24	1.24	1.24
UK	1.48	2.26	1.22	4.32	81.07	1.24	1.24	1.24	1.24
US	1.48	2.26	1.22	4.32	81.07	1.24	1.24	1.24	1.24

Deutsche Bank Forms On-Line Trades Venture

OMAHA, Nebraska — Ameritrade Holding Corp., an on-line trading company, and Deutsche Bank AG, the biggest German bank, said Thursday they had formed a joint venture to allow customers to trade on-line in European and U.S. securities markets.

With the agreement, Ameritrade's U.S. customers will be able to buy and sell about 200 German stocks and selected European shares through Deutsche Bank, while Deutsche Bank's on-line customers will be able to buy and sell stocks of U.S. companies through Ameritrade.

The two companies expect the service to begin operations by the end of March, said Neil Benedict, vice president for international development at Ameritrade.

gérald gentla Genève



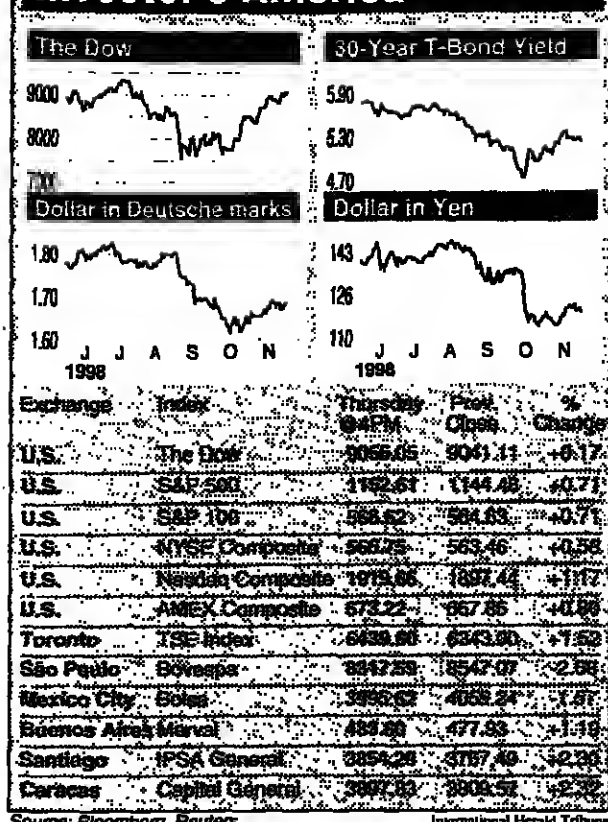
UNIQUE IN THE WORLD
THE FIRST WRISTWATCH OF THE YEAR 2000

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THE AMERICAS

Investor's America



Source: Bloomberg, Reuters

Very briefly:

- American Airlines Inc. agreed to buy Reno Air Inc. for \$124 million in cash as the second-largest U.S. carrier tries to re-establish its footing on the West Coast.
- PanAmSat Corp., which suffered a much-publicized satellite failure this year, said battery problems in another satellite had caused service disruptions and could lead to customers canceling contracts but would not affect overall business.
- The chairman of the U.S. Securities and Exchange Commission, Arthur Levitt, condemned U.S. companies that reveal market-moving information to securities analysts before releasing it to the public, saying the practice was "cheating, and a stain upon our market."
- Occidental Petroleum Corp. plans to cut 500 more jobs over the next two years and reduce capital spending by 21 percent next year because it expects oil prices to remain low. The latest job cuts bring Occidental's three-year total of job eliminations to more than 1,000.
- BMW Manufacturing Corp. has suspended tours of the plant's South Carolina assembly line until next year to conceal preparations to build a new sport-utility vehicle, the X5.

Bloomberg, Reuters

Nymex and Oil Market Discuss Link

NEW YORK — The New York Mercantile Exchange and London's International Petroleum Exchange, for the second time in a year, said Thursday they were considering a merger that would create a monopoly in energy futures trading.

A merger would consolidate the Nymex's position as the world's leading energy market and would make it easier for the exchange to find new business overseas.

"It'll give the exchange a foothold in Europe and anytime we have a chance to get into other businesses and clientele it's a good thing," said Michael Cardello, owner and president of Arb Oil Inc., the largest independent brokerage on the Nymex.

Microsoft Starts to Sell Stake in RealNetworks

Compiled by Our Staff From Dispatches

SEATTLE — Microsoft Corp. began Thursday to sell its 10 percent stake in RealNetworks Inc., whose chairman complained before a Senate hearing this summer that Microsoft had tried to "break" his Internet multimedia software.

Microsoft denied that spite was the motive for the sale, but it acknowledged that its relationship with RealNetworks had soured.

"I

Telecom Italia's 'High-Tech Junkie'

ENI's Turnaround Artist Takes Over at Troubled Phone Giant

By Yaroslav Trofimov
Bloomberg News

ROME—Franco Bernabe, who took over Thursday as chief executive of Telecom Italia SpA, knows more about turnarounds than about telephones.

Mr. Bernabe, 50, comes to Telecom Italia, Italy's biggest company, from the state-run Eni, where he was chief executive. In six years as chief executive, Mr. Bernabe took Eni public and made it profitable by selling marginal assets, setting up foreign alliances and slashing costs. He faces similar challenges at Telecom Italia.

Italy's dominant telephone service provider missed investors about its earnings and suffered from management infighting as alliances unraveled in the year since the state sold control. Investors now expect Mr. Bernabe's management talent to outweigh his lack of experience in telecommunications.

Bernabe has already shown he can transform an Italian state dinosaur into one of the world's most

efficient oil companies, and we hope he can pull it off again," said Marco Fontana, a fund manager at Royal & Sun Alliance Fondi in Milan.

Since last Thursday, when speculation surfaced that Mr. Bernabe would be named chief executive, ENI's stock has risen 8.8 percent. Shares in the former state telephone monopoly, which was sold to the public in October 1997, fell 22 percent in the next 12 months before a new CEO would put things right. The stock closed Thursday in Milan at 12,880 lire (\$7.59), up 310.

Mr. Bernabe said in a Italian newspaper interview that he had been attracted by the "challenge" of repeating his ENI performance at Telecom Italia.

"At 50, a man has to change a wife or a job—and I'm very fond of my wife," he said.

Mr. Bernabe's friends call the executive a "high-tech junkie" because of his passion for the Internet and for introducing new technology to raise productivity.

Mr. Bernabe owes his new job to the Italian Treasury, which is Tele-

com Italia's biggest shareholder, with a 5 percent stake, and owns 37 percent of ENI, where it appoints the majority of board members.

Treasury Minister Carlo Azeglio Ciampi announced Mr. Bernabe's new job Saturday, while Telecom Italia's board formally made him chief executive with "wide-ranging management powers" Thursday.

The government feared that future sales of state companies would be undermined after Telecom Italia's stock plunge last month led its 1.5 million retail investors counting losses a year after taking part in the nation's biggest state-asset sale.

Telecom Italia, the world's eighth-largest phone company, trails its rivals in forging alliances with foreign partners. Planned links with AT&T Corp., Cable & Wireless PLC and Unisource NV all collapsed this year amid cooing about the stability of Telecom Italia's management, even as rivals such as Deutsche Telekom AG and France Telecom SA encroached on the company's turf in Italy.

At Telecom Italia, Mr. Bernabe will find a restructuring agenda



Franco Bernabe, Telecom Italia's new chief executive.

already in place similar to the one implemented at ENI. In September, the phone company announced plans to sell telecommunications equipment, cable, insurance and real-estate units, slash 8,000 jobs and cut costs.

Last month, Telecom Italia's top management warned labor unions that 1999 profit might decline, then denied the report when it was leaked to the press, and finally had to acknowledge its authenticity.

French Bank Posts a Gain

PARIS—Societe Generale posted a slight increase in nine-month profit Thursday despite the impact of trading in Russia and Asia, and the second-biggest bank in France said the worst impact from emerging markets had passed.

The bank's shares rose sharply, finishing on the Paris Bourse at 780 francs (\$138.83), up 35.

Operating profit was 11.6 billion francs in the period that ended Sept. 30, up from 11.4 billion francs a year earlier.

Any third-quarter losses in Asia and Russia could be mostly covered by what had been set aside from first-half profits, the bank said, with only limited further adjustments likely for commitments in Malaysia, Thailand and Indonesia "unless the situation deteriorates." In the first half, 7.3 billion francs were set aside for losses on assets, including 3.1 billion francs for Asia and 2.5 billion francs for Russia. (AFX, Bloomberg)

Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
6000	6500	4400
5500	6000	4100
5000	5500	3800
4500	5000	3500
4000	4500	3200
3500	4000	2900
3000	3500	2600
2500	3000	2300
2000	2500	2000
1500	2000	1700
1000	1500	1400
500	1000	1100
0	500	800

Exchange	Index	Thursday Close	Prev. Close	% Change
Amsterdam AEX		1,073.15	1,053.80	+1.86
Brussels BEL-20		3,175.09	3,155.05	+0.64
Frankfurt DAX		4,785.69	4,699.72	+1.86
Copenhagen Stock Market		603.74	604.99	-0.20
Helsinki HEX General		4,650.52	4,511.86	+3.07
Oslo OBX		501.31	495.29	+1.23
London FTSE 100		5,905.20	5,474.00	+2.42
Madrid Stock Exchange		813.59	793.34	+2.55
Milan MIBTEL		2,117.77	2,077.5	+1.94
Paris CAC 40		3,705.76	3,612.50	+2.61
Stockholm SX 16		3,765.66	3,707.08	+1.33
Vienna ATX		1,100.46	1,106.34	-0.53
Zurich SPI		4,394.07	4,310.52	+1.94

Very briefly:

- KPN NV, a Dutch telecommunications company, plans to team up with Qwest Communications International Inc. of the United States to build and operate a high-capacity European fiber-optic network linked to Qwest's North American backbone. The venture would propel KPN into the market for carrying Internet communications.
- Storehouse PLC reported flat first-half earnings and warned that full-year profit would be down. The British retailer said pretax profit for the period ended Oct. 10 was unchanged at £38.7 million (\$64.8 million) as total sales rose 2 percent, to £648.3 million.
- Merck KGaA plans to take over CN Bioscience Inc. of the United States in an offer valued at about \$150 million. The German pharmaceuticals company also said sales in the first three quarters of 1998 rose 3.1 percent, to 6.1 billion Deutsche marks (\$3.66 billion), helping net profit climb 43.5 percent, to 548 million DM.
- Nokia Oy said a fire at one of its plants in northern Finland would not stop the production of mobile phones or networks, although it said the production of fixed phone networks would be halted for a few days.

France Telecom's Share Issue Is Oversubscribed

Compiled by Out-Staff From Dispatches

PARIS—More than a million small shareholders have reserved shares in the second portion of the privatization of France Telecom SA, Finance Minister Dominique Strauss-Kahn said Thursday.

"The operation is proceeding in the best way possible," and the number of requests for shares exceeds expectations, Mr. Strauss-Kahn said. The share issue for institutional investors is oversubscribed, he said.

France Telecom and the French government are selling 41 billion francs (\$7.34 billion) of new and existing shares in the company. The sale, including existing shares sold by the state, new shares and convertible bonds, is intended to help France Telecom fund international expansion and indirectly reduce the French government budget deficit.

More than 4 million individual investors bought shares last October when the government sold about 25

percent of France Telecom ahead of the opening of the European Union telecommunications market to competition in January.

The new share flotation, to be coupled with a 5 percent capital increase and the sale of a 2 percent stake to Deutsche Telekom AG, will allow the government to reduce its stake in the company to 62 percent from 75 percent. The sale is expected to bring 26 billion francs into government coffers.

Shares were offered to small shareholders at 182 francs last year, and the price soared, peaking at 489.50 francs in August.

They have since fallen, but on Thursday they closed in Paris at 404.90, up 14.80, still more than double the original issue price.

But Deutsche Telekom is suffering from the arrival of competition and said Wednesday that it would cut prices to curb a loss in long-distance income. (AFX, Bloomberg)

WORLD STOCK MARKETS

Thursday, Nov. 19
Daily prices in local currencies.

High Low Close Prev.

Amsterdam AEX index: 1,073.15

Brussels BEL-20: 3,175.09

Frankfurt DAX: 4,785.69

Copenhagen Stock Market: 603.74

Helsinki HEX General: 4,650.52

Oslo OBX: 501.31

London FTSE 100: 5,905.20

Madrid Stock Exchange: 813.59

Milan MIBTEL: 2,117.77

Paris CAC 40: 3,705.76

Stockholm SX 16: 3,765.66

Vienna ATX: 1,100.46

Zurich SPI: 4,394.07

High Low Close Prev.

Banque Paribas: 106.00

BNP Paribas: 105.00

Comptoir d'Escompte: 104.00

Crédit Commercial: 103.00

Crédit Lyonnais: 102.00

Crédit Mobilier: 101.00

Crédit de France: 100.00

Crédit Industriel: 99.00

Crédit Agricole: 98.00

Crédit de Commerce: 97.00

Crédit de l'Industrie: 96.00

Crédit de la Marine: 95.00

Crédit de l'Agriculture: 94.00

Crédit de l'Industrie: 93.00

Crédit de la Marine: 92.00

Crédit de l'Agriculture: 91.00

High Low Close Prev.

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NASDAQ

Thursday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar volume, updated twice a day.
The Associated Press.

Symbol	Price	Change	Volume	Symbol	Price	Change	Volume
AA	10.00	0.00	100	MSFT	34.00	0.00	100
AB	10.00	0.00	100	NAZ	10.00	0.00	100
AC	10.00	0.00	100	ORCL	20.00	0.00	100
AD	10.00	0.00	100	PEP	10.00	0.00	100
AE	10.00	0.00	100	PG	10.00	0.00	100
AF	10.00	0.00	100	PPG	10.00	0.00	100
AG	10.00	0.00	100	PRG	10.00	0.00	100
AH	10.00	0.00	100	QCOM	10.00	0.00	100
AI	10.00	0.00	100	SL	10.00	0.00	100
AJ	10.00	0.00	100	SPX	10.00	0.00	100
AK	10.00	0.00	100	TSLA	10.00	0.00	100
AL	10.00	0.00	100	UNH	10.00	0.00	100
AM	10.00	0.00	100	VZ	10.00	0.00	100
AN	10.00	0.00	100	W	10.00	0.00	100
AO	10.00	0.00	100	XOM	10.00	0.00	100
AP	10.00	0.00	100	Y	10.00	0.00	100
AQ	10.00	0.00	100	Z	10.00	0.00	100
AR	10.00	0.00	100				
AS	10.00	0.00	100				
AT	10.00	0.00	100				
AV	10.00	0.00	100				
AW	10.00	0.00	100				
AX	10.00	0.00	100				
AY	10.00	0.00	100				
AZ	10.00	0.00	100				
BA	10.00	0.00	100				
BB	10.00	0.00	100				
BC	10.00	0.00	100				
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BG	10.00	0.00	100				
BH	10.00	0.00	100				
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BO	10.00	0.00	100				
BP	10.00	0.00	100				
BQ	10.00	0.00	100				
BR	10.00	0.00	100				
BS	10.00	0.00	100				
BT	10.00	0.00	100				
BV	10.00	0.00	100				
BW	10.00	0.00	100				
BX	10.00	0.00	100				
BY	10.00	0.00	100				
BZ	10.00	0.00	100				
CA	10.00	0.00	100				
CB	10.00	0.00	100				
CC	10.00	0.00	100				
CD	10.00	0.00	100				
CE	10.00	0.00	100				
CF	10.00	0.00	100				
CG	10.00	0.00	100				
CH	10.00	0.00	100				
CI	10.00	0.00	100				
CJ	10.00	0.00	100				
CK	10.00	0.00	100				
CL	10.00	0.00	100				
CM	10.00	0.00	100				
CN	10.00	0.00	100				
CO	10.00	0.00	100				
CP	10.00	0.00	100				
CQ	10.00	0.00	100				
CR	10.00	0.00	100				
CS	10.00	0.00	100				
CT	10.00	0.00	100				
CV	10.00	0.00	100				
CW	10.00	0.00	100				
CX	10.00	0.00	100				
CY	10.00	0.00	100				
CZ	10.00	0.00	100				
DA	10.00	0.00	100				
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DC	10.00	0.00	100				
DD	10.00	0.00	100				
DE	10.00	0.00	100				
DF	10.00	0.00	100				
DG	10.00	0.00	100				
DH	10.00	0.00	100				
DI	10.00	0.00	100				
DJ	10.00	0.00	100				
DK	10.00	0.00	100				
DL	10.00	0.00	100				
DM	10.00	0.00	100				
DN	10.00	0.00	100				
DO	10.00	0.00	100				
DP	10.00	0.00	100				
DQ	10.00	0.00	100				
DR	10.00	0.00	100				
DS	10.00	0.00	100				
DT	10.00	0.00	100				
DV	10.00	0.00	100				
DW	10.00	0.00	100				
DX	10.00	0.00	100				
DY	10.00	0.00	100				
DZ	10.00	0.00	100				
EA	10.00	0.00	100				
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EC	10.00	0.00	100				
ED	10.00	0.00	100				
EE	10.00	0.00	100				
EF	10.00	0.00	100				
EG	10.00	0.00	100				
EH	10.00	0.00	100				
EI	10.00	0.00	100				
EJ	10.00	0.00	100				
EK	10.00	0.00	100				
EL	10.00	0.00	100				
EM	10.00	0.00	100				
EN	10.00	0.00	100				
EO	10.00	0.00	100				
EP	10.00	0.00	100				
EQ	10.00	0.00	100				
ER	10.00	0.00	100				
ES	10.00	0.00	100				
ET	10.00	0.00	100				
EV	10.00	0.00	100				
EW	10.00	0.00	100				
EX	10.00	0.00	100				
EY	10.00	0.00	100				
EZ	10.00	0.00	100				
FA	10.00	0.00	100				
FB	10.00	0.00	100				
FC	10.00	0.00	100				
FD	10.00	0.00	100				
FE	10.00	0.00	100				
FF	10.00	0.00	100				
FG	10.00	0.00	100				
FH	10.00	0.00	100				
FI	10.00	0.00	100				
FJ	10.00	0.00	100				
FK	10.00	0.00	100				
FL	10.00	0.00	100				
FM	10.00	0.00	100				
FN	10.00	0.00	100				
FO	10.00	0.00	100				
FP	10.00	0.00	100				
FQ	10.00	0.00	100				
FR	10.00	0.00	100				
FS	10.00	0.00	100				
FT	10.00	0.00	100				
FV	10.00	0.00	100				
FW	10.00	0.00	100				
FX	10.00	0.00	100				
FY	10.00	0.00	100				
FZ	10.00	0.00	100				
GA	10.00	0.00	100				
GB	10.00	0.00	100				
GC	10.00	0.00	100				
GD	10.00	0.00	100				
GE	10.00	0.00	100				
GF	10.00	0.00	100				
GG	10.00	0.00	100				
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GJ	10.00	0.00	100				
GK	10.00	0.00	100				
GL	10.00	0.00	100				
GM	10.00	0.00	100				
GN	10.00	0.00	100				
GO	10.00	0.00	100				
GP	10.00	0.00	100				
GQ	10.00	0.00	100				
GR	10.00	0.00	100				
GS	10.00	0.00	100				
GT	10.00	0.00	100				
GV	10.00	0.00	100				
GW	10.00	0.00	100				
GX	10.00	0.00	100				
GY	10.00	0.00	100				
GZ	10.00	0.00	100				
HA	10.00	0.00	100				
HB	10.00	0.00	100				
HC	10.00	0.00	100				
HD	10.00	0.00	100				
HE	10.00	0.00	100				
HF	10.00	0.00	100				
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HH	10.00	0.00	100				
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HT	10.00	0.00	100				
HV	10.00	0.00	100				
HW	10.00	0.00	100				
HX	10.00	0.00	100				
HY	10.00	0.00	100				
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IL	10.00	0.00	100				
IM	10.00	0.00	100				
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IO	10.00	0.00	100				
IP	10.00	0.00	100				
IQ	10.00	0.00	100				
IR	10.00	0.00	100				
IS	10.00	0.00	100				
IT	10.00	0.00	100				
IV	10.00	0.00	100				
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ASIA/PACIFIC

Sanwa and Daiwa, Predicting Losses, Seek Aid

Bloomberg News
TOKYO — Sanwa Bank Ltd. and Daiwa Bank Ltd., two of the largest Japanese lenders, said Thursday that they would post losses this year and needed a combined 900 billion yen (\$7.41 billion) in government aid to weather a deepening recession.

Sanwa and Daiwa — the first of several battered Japanese banks expected to appeal for public money as they report dwindling profits or post losses — also said they would cut jobs and close branches.

Profits at the 19 national Japanese banks are tumbling as the country's worst recession of the postwar period leaves cash-strapped companies unable to make loan repayments.

Crippled by more than 30 trillion yen in write-offs of bad loans over the

past four years, the banks have little choice but to appeal for a slice of the 25 trillion yen the government has set aside to stave off bank collapses.

"We're trying to write off as much as possible now," said Masaki Hashikawa, general manager of Sanwa Bank, "so that from the next business year we'll be able to dispose of our bad loans completely on our own."

Sanwa, Japan's fourth-largest lender, said it would seek about 600 billion yen in public money. The bank reversed its full-year forecast for consolidated current, or pretax, results to a loss of 490 billion yen from a previously expected profit of 170 billion yen. It will write off 800 billion yen in bad loans.

Daiwa, the 12th-largest lender, said it would ask for about 300 bil-

lion yen. It forecast a consolidated current loss for the year of 180 billion yen, reversing an expected gain of 22.5 billion yen.

Analysts said the amounts the banks had requested was conservative.

"They're being very cautious," said Michael Lockrow of Thomson Global Markets. "They don't want to be seen as too hungry for public money, because they're still not sure about the conditions attached."

Sanwa reported consolidated net income of 23.3 billion yen for the half-year that ended Sept. 30, up from 8.7 billion yen a year earlier.

Daiwa, which did not report consolidated figures, said parent-company net profit rose 59 percent in the first half, to 10.7 billion yen, while

current profit fell 6 percent, to 7.1 billion yen.

Sanwa's shares rose 9 yen to close at 1,064; Daiwa fell 7 to 224.

Sanwa said it would cut 683 positions from its staff of 14,188 by the end of March. It will close 11 of its 346 domestic branches and seven of 45 overseas branches and offices in the same period and close or combine a further 60 branches over the following three years.

Daiwa will cut more than 200 workers from its staff of 7,915 by the end of March and eliminate 400 more positions over the following two years. It will close seven of its 181 domestic branches by the end of March and eight more by March 2001 and will close six overseas branches by March 2000.

Toshiba Posts Loss as Chip Prices Slump

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TOKYO — Toshiba Corp., the world's largest maker of notebook computers, on Thursday reported a first-half loss for the first time in 23 years because of a global slump in prices for memory chips, computer peripherals and electronics.

Toshiba posted a group pretax loss of 41 billion yen (\$337.7 million), compared with a profit of 8.7 billion yen a year earlier. Sales fell to 2.50 trillion yen from 2.64 trillion yen. The results included the performance of Toshiba's 307 subsidiaries.

The group results showed that while Toshiba's computer business was more profitable overseas than at home, losses on microchips and consumer electronics were heavier at the group than at the parent level.

The main problem facing Toshiba, Japan's second-largest chipmaker behind NEC Corp., is the 60 percent collapse this year in prices of 16-megabit and 64-megabit dynamic random-access memory chips used in PCs, the result of global oversupply, said the executive vice president, Kiyoshi Shimagami.

That meant Toshiba, which got 22 percent of sales from microchips, had a 31 billion yen operating loss on the business, from profit of 47 billion yen a year ago.

Slumping domestic and Asian demand for consumer electronics — where Toshiba got 18 percent of sales — and price drops for PC peripherals, such as color tubes and liquid-crystal displays also weighed on Toshiba.

Analysts said Toshiba was not cutting costs quickly enough to combat plunging prices for memory chips or the decline in demand for its power-plant equipment.

"Toshiba's restructuring efforts are backward-looking compared to the shareholder-driven approach of U.S. companies," said Naoki Sato, an analyst at HSBC Securities Japan Ltd. "Its fixed costs are still too high, and it needs to shed more employees." Toshiba employs 186,000 workers. In September, it announced plans to slash more than 6,000 jobs, or 9 percent of its work force, in the next two years.

Toshiba expects performance to pick up in the year to March 2000 as memory-chip prices rebound and Toshiba raises the proportion of non-D-RAM products in its microchip output, Mr. Shimagami said.

Toshiba's shares closed 18 yen higher Thursday at 653.

(Bloomberg, APN)

Investor's Asia

Hong Kong Hang Seng		Singapore Straits Times		Tokyo Nikkei 225	
					
J J A S O N 1990		J J A S O N 1990		J J A S O N 1990	
Exchange	Index	Thursday Close	Prev. Close	% Change	
Hong Kong	Hang Seng	10,313.30	10,213.42	+0.98	
Singapore	Straits Times	1,316.55	1,271.70	+3.53	
Sydney	All Ordinaries	2,680.60	2,688.70	-0.45	
Tokyo	Nikkei 225	14,354.46	14,588.23	-1.68	
Kuala Lumpur	Composite	458.58	458.34	+0.05	
Bangkok	SET	358.56	345.13	+3.88	
Seoul	Composite Index	441.06	423.74	+4.09	
Taipei	Stock Market Index	7,300.34	7,100.14	+2.82	
Manila	PSE	1,819.01	1,820.77	-0.10	
Jakarta	Composite Index	379.12	369.99	+2.47	
Wellington	NZSE-40	1,989.28	1,975.95	-0.34	
Bombay	Sensitive Index	2,964.87	3,003.25	-1.28	

Very briefly:

- Korea Asset Management Corp., the South Korean institution that manages the banking system's bad debts, said it would settle all nonperforming loans within five years. The Financial Supervisory Commission said nonperforming loans of financial institutions totaled 70.8 trillion won (\$54.71 billion) at the end of June.
- South Korea's corporate bankruptcies fell to a 25-month low of 1,036 in October from 1,085 in September and a monthly average of 2,225 in the first nine months of the year, as interest rates declined and banks supported cash-strapped companies, the Bank of Korea said.
- Japan's auto production and sales fell in October. Toyota Motor Corp.'s production fell 12.1 percent, to 285,576 vehicles, as sales slumped 17 percent, to 141,897. Nissan Motor Co.'s production fell 6.4 percent, to 129,094 units, and sales tumbled 14 percent, to 61,857. Honda Motor Co.'s output fell 3.7 percent, to 114,714, as sales sank 20.4 percent, to 55,794. And Mazda Motor Corp. said its production declined 5.9 percent, to 68,789, as sales slipped 7.1 percent, to 22,631 vehicles.
- LG Electronics Co. and LG Semicon Co. will merge their \$600 million liquid-crystal display businesses and seek a foreign partner.
- Daimler-Benz Asia Pte., the Southeast Asian vehicle sales in 1998 fell as much as 40 percent from 1997 because of the economic crisis, said Ludwig-Holger Pfahls, the regional president and chief executive.
- Japan's trade surplus rose for the 19th consecutive month in October, expanding 23.9 percent to 1.371 trillion yen (\$11.27 billion), the Finance Ministry said, fueling concerns about a worsening trade imbalance as President Bill Clinton arrived in Japan for a summit meeting. Japan's surplus with the United States widened 31.9 percent to 719.7 billion yen.
- ABN-AMRO Asia Ltd., Bear Stearns Asia Ltd. and Nomura Securities Co. cut more than 70 employees in Asia as investment banks sought to trim costs amid a downturn in emerging markets and a deepening recession across parts of Asia.

Tokyo to Sell NTT Stock to Pay for Stimulus Plan

Bloomberg News
TOKYO — Japan next month will sell as many as 1 million shares of Nippon Telegraph & Telephone Corp., the world's largest phone company, to help finance the government's latest economic-stimulus package, a person familiar with the situation said Thursday.

The Ministry of Finance will decide the sale price by mid-December, and the shares will be publicly traded beginning around Dec. 20, the source said.

The sale will be announced Friday, he said.

The Japanese government still owns 65.5 percent of NTT, a former government telecommunications monopoly, and last sold shares in the company in 1988.

The new sale, which could raise almost 900 billion yen (\$7.41 billion), will be the fourth since the shares were first sold in 1986.

The move, reported in the Nihon Keizai newspaper, triggered a fall in Japan's benchmark stock index from a two-month-high reached Wednesday as investors warned that the sale might hurt other issues.

The Nikkei 225 index closed at

14,254.46 points Thursday, down 244.77.

"Any new share issuance of this size could kill off a market recovery that has been fragile at best," said Stephen Bronte, managing partner at Stephen Bronte Partners.

This week, the government announced a tax-cut and spending package valued at 23 trillion yen that was designed to pull Japan, the world's second-largest economy, out of recession.

Some of the money to pay for the package will come from the NTT

share sale, a Ministry of Finance official said.

NTT's financial health is deteriorating as a result of pension-fund shortfalls and other expenses. The company said this week that it would report its first-ever half-year group net loss under U.S. accounting rules.

The planned stock offering "is an obvious incentive to sell while you can," said Sachio Ishikawa, a manager at Chuo Securities Co.'s equity division. The shares will be sold in Japan, Europe and the United States, the ministry said last month.

APEC: Harsh Economic Reality Forces Many to Lower Expectations of Group

Continued from Page 15
reached in 1999.

But Japanese officials said privately that as far as Tokyo was concerned, the nine sectors must be part of another comprehensive round of global trade negotiations, one that will last for several years.

The APEC summit meeting also passed along two other issues of importance to governments and the private sector to other organizations.

A study of currency traders was referred to an ill-defined international task force, and a blueprint for global financial change was shuffled to an expanded version of the Group of 22 nations, which links finance ministers and central bankers from developed and emerging countries, some in the APEC region and some

in other parts of the world.

APEC's unity and clout — its 21 members account for more than half of the world's economic output and trade — took a hit when Mr. Clinton last weekend canceled his trip to the Kuala Lumpur meeting to handle the U.S. confrontation with Iraq.

When Vice President Al Gore — at a business conference on the sidelines of the meeting — praised the reforms, the movement that is campaigning to bring down the government of Prime Minister Mahathir bin Mohamad, of Malaysia, the chairman of the summit, Malaysian officials were outraged.

Many other APEC nations, even those normally in step with Washington, criticized Washington for being political to a forum set up to promote economic cooperation.

But Prime Minister Jenny Shipley

of New Zealand, whose country will host next year's APEC meetings, said that she did not believe the issues of human rights and democracy raised by Mr. Gore had disrupted the work of the summit.

"We were not distracted," she told Reuters Television, even though "the public rhetoric may have led you to believe that."

Still, many business executives remain disillusioned by APEC's priorities and performance.

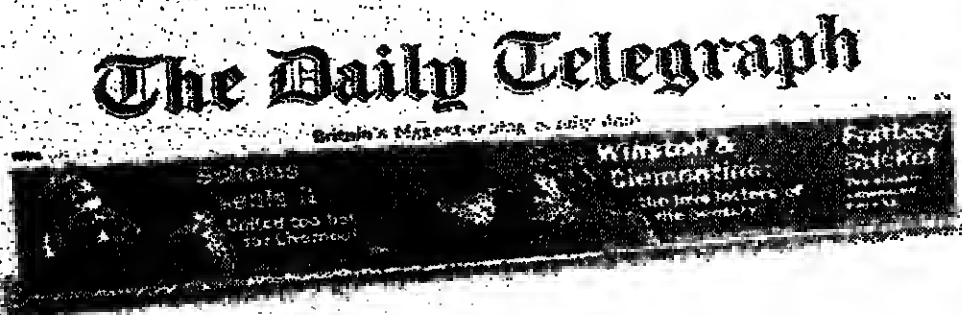
Jeffrey L.S. Koo, chairman and chief executive of the Taiwan company China Trust Commercial Bank, said APEC was not organized to deal with major financial problems because trade and foreign ministry officials dominated its councils. This should be changed by integrating finance ministers more closely into the work of the group, he added.

"This region has a massive need for injections of long-term capital and equity investment," said Victor Fung, chairman of the Hong Kong Trade Development Council. "We have pushed very hard for APEC governments to implement a nonbinding code they approved in 1994 to encourage investment. Yet the code has not yet been implemented."

Gareth Evans, the former Australian foreign minister who was chairman of the first APEC ministerial meeting, in Canberra in 1989, said the group had "dropped the ball" in another area vital to the business community — reducing trade and investment costs by mutual recognition of technical standards and harmonizing customs and investment rules.

"It seems to have got endlessly bogged down," he said, "so we are only getting small results."

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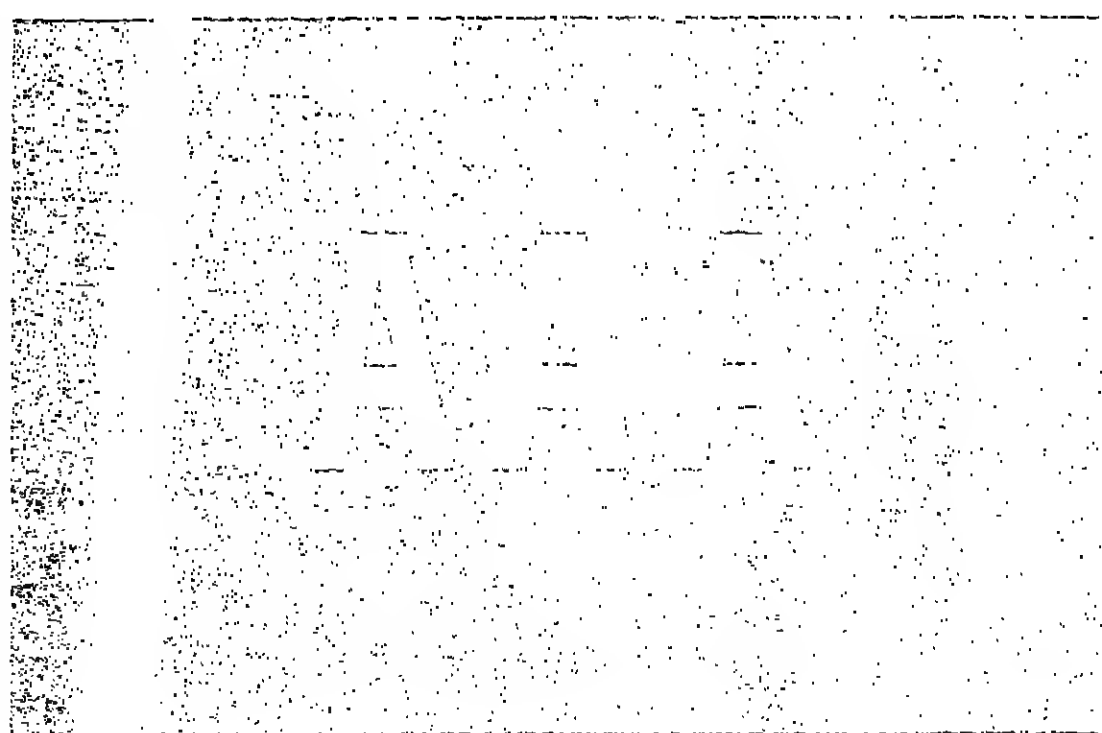
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INTERNATIONAL INVESTING

Risk Managers Flock to Asia

Amid Crisis, They Offer Vehicles for Limiting Losses

By Philip Segal
International Herald Tribune

HONG KONG — For purveyors of new ways to manage risk, Asia is fertile ground — a region thrust suddenly into an environment of deep recession, shrinking credit and volatile markets after years of fantastic growth.

The specialty-insurance companies, banks and brokers of the world have noticed. They are bombarding fund managers and company treasurers in Asia with new ways to manage risk, many of which have been tried and tested in Europe and the United States but are new to this region.

The sales forces have a ready audience, because while analysts may recognize in hindsight the harbingers of the economic crisis that erupted in July 1997, almost none predicted a financial shock of the magnitude Asia is now experiencing.

"What's good for us is when people's per-

There are good companies over here, and they should still be getting access to capital.

ception of risk is higher than the real risk," said Bryan Bowers, managing director at the newly opened Hong Kong office of Centre Solutions, Zurich Insurance Group's risk-management specialist.

"Like everywhere in the world, there are good companies and bad companies" in Asia, he said. "There are good companies over here, and they should still be getting access to capital."

When he worked in his company's New York real-estate office, Mr. Bowers handled several deals in which he insured developers against a certain portion of any decline in a property's value. The developer paid a hefty premium but could gain two advantages: Bankers would be more willing to extend credit because the insurance company was helping to share the risk, and the developer could get a partial rebate of the premium should there never be a claim on the policy.

Hong Kong may prove a good place to peddle such a product. In the third quarter alone, the Jones Lang Wootton capital values index for Hong Kong office space fell 19 percent, and the index is down 55 percent in the 16 months since the start of the Asian crisis.

Mr. Bowers also suggested that Asian companies would benefit from new forms of financing for trade.

Even Indonesian exporters whose earnings are in foreign currencies have suffered a credit crunch, as banks in the country have shut off financing for imported components. Instead of a traditional loan, Centre Solutions might provide the exporter with an insurance policy against its defaulting. The coverage might make foreign bankers consider the exporter less of a credit risk.

For State Street Corp., the new Asian awareness of the dangers of fluctuating currencies has provided an opportunity to sell currency management products.

"For years we had investors in emerging markets who didn't care about currencies," said Paul O'Connell, president of Emerging Markets Finance LLC, an American economics firm working with State Street to develop trading and risk-management products for Asia. The drop in Asian currencies has doubled the losses of foreign investors from stock declines, he said, as the lower currencies have further cut Asian stocks' values when measured in dollar terms.

State Street offers computer-software product designed to help traders determine the best currency hedge. It then allows them to place a currency order and track its execution.

Simon Wilson-Taylor, vice president for currency management in State Street's London office, said, "An investment manager may be in 20 foreign markets but may only want to hedge six that are fairly representative of all of them."

Another State Street product draws on the \$4.5 trillion in securities held in custody worldwide by the banking giant. It provides a database showing capital flows in and out of 60 countries around the world. Previously, investors might have had to wait weeks until central banks released such data, but the bank offers it on a three-day delay once trades are settled.

The information has yielded a major surprise. In the first eight months after the start of the Asian crisis, foreigners on average remained net investors in nearly all Asian countries, according to Mr. O'Connell. Such information might have lessened the panic among fund managers last year.

Another beneficiary of the appetite for risk management has been Asia's nascent market in credit derivatives, which began in 1996.

Traded completely over the counter and almost entirely among banks, the market grew at its fastest rate ever in the third quarter, one trader said.

The market typically works like this: A bank seeking financial protection pays another bank to help insure it against loss resulting from default by a borrower or issuer of a bond. In the case of Hong Kong, a bank nervous about repayment of

Goldman Plans Asia Expansion

Goldman Sachs & Co. is creating a \$1-billion-dollar fund to buy Asian assets and plans to expand in the region, according to company executives.

John Corzine, a co-chairman of the American investment bank, and Philip Murphy, managing director for Asia, were quoted Thursday as saying Goldman would station top employees in the region in its pursuit of mergers and acquisitions.

"We have an enormous amount invested in this city and Asia generally," Mr. Corzine told Singapore media during a stopover after the Asia-Pacific Economic Cooperation summit meeting in Kuala Lumpur.

"A recovery fund would be an incremental aspect of an already very large presence in Asia," he said. "We do not want to be seen as sweeping in to pick up cheap assets."

Mr. Corzine declined to give figures for the fund, but said that Goldman "typically likes to start small" and that the fund would tap private equity mostly from the firm and its clients.

He also denied rumors that Goldman is planning layoffs among its 1,500 employees in Asia.

Goldman signed a 12-year lease Thursday for 190,000 square feet (17,100 square meters) of Hong Kong office space in Cheung Kong Center. It was the longest commercial lease ever signed by Hutchison Whampoa Ltd., which owns the complex.

Goldman has 600 employees in Hong Kong, and Mr. Murphy said the company would grow to fill the extra space.

"Four or five years ago we pulled back a bit in Asia," he said. "That will not happen again."

Mr. Corzine said that Goldman was still wary of investing in the banking sector. "There needs to be a restructuring of the banking system at market clearing prices," he said.

a bond from a shaky Chinese company could transfer some of that repayment risk to a third party for a fee.

Credit derivatives may be insuring more than \$100 billion in credit payments already, according to some estimates, although trading has slowed in the past month.

The avalanche of trades this year has created a backlog that banks are seeking to settle before the close of their financial year.

Behind a Summer Sell-Off

As Its Investors Sold, Coca-Cola Enterprises Bought

By Constance L. Hays
New York Times Service

NEW YORK — While much of America spent its summer vacation lying on the beach or relaxing on a mountaintop, some key shareholders of Coca-Cola Enterprises Inc. spent theirs in a flurry of trading on the stock exchange.

Early filings for the third quarter show that at least one big mutual-fund company, a money manager and a trust company with significant positions in Coca-Cola Enterprises sold nearly all their shares during that period. Another mutual fund is said to have sold 10 million shares, possibly in a private deal. The buyer of at least 14 million of the shares on the block was the company itself.

Two factors helped prompt the selling. In late July, Coca-Cola Enterprises, which is Coca-Cola Co.'s main bottler in the United States and parts of Europe, announced a \$5 billion capital spending plan that alarmed some investors, particularly when the company said it would not start showing increased positive cash flow until next year.

Then the stock market, riled by global economic crises, fell into an August swoon that carried the stock price of Coca-Cola Enterprises down, along with those of many other companies.

The biggest sellers included Prudential Mutual Fund Investment Management, which sold slightly more than 6.2 million shares, valued at \$138.9 million, at the end of August. The company had held those shares since June, said Tim Biggs, a spokesman for Prudential, but he declined to say why Prudential had decided to sell. Prudential still has about 242,000 Coca-Cola Enterprises shares in its portfolio.

Another big seller was Bessemer Trust Co., which sold 2.9 million shares valued at \$73.3 million, according to its most recent filing with the Securities and Exchange Commission. The company, which has been a long-term shareholder, still has about 46,000 shares.

The word on Wall Street is that Putnam Investment Management, the second-biggest shareholder in Coca-Cola Enterprises, quietly sold about 10 million of its 15.8 million shares in the third quarter as well, possibly in a private deal. A spokesman for Putnam, which is part of Marsh & McLennan, refused to comment. Meanwhile, filings show that Warburg Pincus Asset Management sold 901,167 shares in the quarter for \$22.7 million; the firm kept 9,600 shares.

Where did all those shares go? As it turns out, 14 million were bought by the company itself, for \$404 million; it issued debt to pay for them even though it was already heavy with debt from acquisitions. The company frequently uses its own stock in acquisitions, which can mean tax-free

deals for the owners of companies it takes over.

Interestingly, Coca-Cola Enterprises went on its shopping spree without fanfare, though companies often publicize buybacks, since the purchases can give the stock a lift. The first mention came in late October, when it released third-quarter earnings.

The company's most recent stock-repurchasing plan, aimed at reclaiming 30 million shares altogether, was authorized in April 1996, a company spokeswoman said. But until Jan. 1 of this year, no shares had been repurchased, because the company was reluctant to take on more debt.

While 1 million shares were bought in the first quarter — preceded by a detailed news release — that move was dwarfed by the activity that came in the third quarter.

"To me, that's not the way to use shareholder capital," said Albert Meyer, a consultant in Indianapolis who previously criticized Coca-Cola Enterprises. "And it's capital they don't have, because they had to borrow to do it."

Coca-Cola Enterprises snipped up at least 14 million of its own shares in a falling market.

Like merger activity, corporate share repurchases are at an all-time high. Last year, companies spent \$182 billion to buy back their own stock, said Laurie Hodrick, a professor of economics and finance at the Columbia University business school. They do so to invest in the stock when it appears to be undervalued, or for tax advantages, or as a deterrent to possible takeovers, she added.

Margaret Carton, vice president for investor relations and planning at Coca-Cola Enterprises, says that share repurchases have long been part of the company's strategy and that the third quarter was merely an example of that strategy in action.

The company's decision to take on more debt to do that, though, may not sit well with every investor. "If interest rates were to spike, I think CCE would be in serious trouble just to make their interest payments," Mr. Meyer said.

Still, Coca-Cola Enterprises' share price has bounced back. The company was included in the Standard & Poor's 500-stock index on Oct. 7; that pushed up the stock price because index funds had to add its shares to their holdings, and, as the market has recovered, the company's shares have gone up as well. Coca-Cola Enterprises' stock was trading at \$38.0625, down 93.75 cents, early Thursday, compared with its 12-month low of \$22.875 set Oct. 1.

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WORLD ROUNDUP

Changed Dates Fail To Please French

SOCCER Two days after the FIFA Confederations Cup was moved from January to next summer, France said it may not play in the eight-nation tournament. "A competition cannot have these dates, it is a question of the calendar," Noel Le Graet, president of the French soccer league, was quoted as saying Thursday in French daily L'Equipe. The French federation's governing council will meet Friday to decide whether to accept the dates. The tournament, in Mexico, was originally scheduled for Jan. 8-20, but after European leagues objected that they would lose players in midseason, it was switched to July 28-Aug. 8. The French league had planned to start its season July 28. The dates also conflict with the U.S. Major League Soccer, the Pan American Games and come right after the South American championship. "I'm extraordinarily disappointed. As everyone knows, I was hopeful we'd have uninterrupted season to see what we could do," said Doug Logan, the MLS commissioner. "However, we will make best of it." (AP)

Patriots Consider Move

FOOTBALL The New England Patriots and Connecticut's governor announced a tentative deal Thursday on moving the team from suburban Boston to Hartford in what would be the fifth National Football League franchise to shift cities in three years.

The deal, which must be approved by NFL owners and the Connecticut Legislature, calls for a \$350 million stadium to be built as part of a \$1 billion development.

Linebacker Wayne Simmons was claimed by the Buffalo Bills, a day after being waived by the Kansas City Chiefs following a penalty-plagued loss. (AP)

NCAA Punishes LSU

BASKETBALL Louisiana State University will be barred from 1999 postseason tournaments and lose six scholarships the next three years because a booster paid Lester Earl \$5,000 to play basketball there, the NCAA, the governing body of U.S. college sport, announced. The school will forfeit the five victories in which Earl, now at Kansas, played. (AP)

Cardinals Trade Gant

BASEBALL The Saint Louis Cardinals sent outfielder Ron Gant and two pitchers to the Philadelphia Phillies on Thursday in exchange for reliever Ricky Bontalco, a relief pitcher. (AP)

Brain Supplement Queried

British sports psychologists have expressed concern over a nutritional supplement about to go on sale in Britain that is supposed to stimulate the brain.

The Guardian newspaper quoted NeuroGain's manufacturers as saying the product is a "neurotransmitter support system" and can help golfers, soccer players and runners by enhancing concentration, allowing the brain to send clearer and stronger signals to muscles.

"There is not enough data," said David Collins of the British Olympic Association's psychology steering group. "Not enough is known about what impact nutritional supplements can have." (AP)

Jumps and (Snow) Falls Return

Winter Sports Begin, Without Ebullient Tomba, Street and Lipinski

By Christopher Clary
International Herald Tribune

PARIS — Winter does not begin officially until late next month, but the winter sports season officially began in September, when the aerial skiers opened their World Cup freestyle season in Australia.

Winter athletes are not yet like tennis players, golfers or soccer players, whose seasons blend seamlessly into the next without much time for reflection or recovery. But the campaigns are getting longer, and it will be intriguing to see what happens as winter sports continue to develop in the Southern Hemisphere.

Skiers already train in South America and New Zealand during the off-season. Will there eventually be World Cup Alpine races in Chile in June? World Cup moguls in the Snowy Mountains of Australia in July? World Cup snowboarding in the Drakensberg range of South Africa in August?

For now, the winter circuit remains largely a European and North American affair, with an occasional long-haul flight to Japan, and over the next two weekends the 1998-99 season will begin in earnest, even if the Alpine skiers Alberto Tomba, Picabo Street and Katja Seizinger, the figure skater Tara Lipinski and the cross-country skier Vladimir Smolov are not involved.

Tomba announced his retirement in early October, shortly before the Alpine skiers opened their season on the glacier in Soelden, Austria. The now traditional glacier event, which comes nearly a month before the next World Cup Alpine race, seems to exist largely to remind consumers that it is time to book their ski

vacations and to buy new boots or skis. Tomba helped sell plenty of equipment during his rollicking career. But after winning three Olympic gold medals and two world championship gold medals and then fading in the last two seasons, he will have time to devote to his acting, his wine cellar and the charges of tax evasion that have been brought against him in his native Italy.

Tomba's charisma and ability to transcend his insular sport will be extremely difficult to replace, but Hermann Maier of Austria is potentially a more dominant skier, if not personality, than Tomba was at his peak. Unlike Tomba, who specialized in the two technical events — slalom and giant slalom — the Herminator, as Maier is known, is a three-event skier, capable of winning in the giant slalom and in the two speed events, super-G and downhill.

The Austrians have emphasized cross-discipline skiing in their development program. Maier won the overall World Cup title with ease last season, his first full season on the circuit. He also won two gold medals at the Winter Olympics in Nagano, Japan, somehow picking himself up out of the snow after one of the most spectacular falls in the history of the downhill and finishing first in the super-G and giant slalom.

His success did not go unchallenged. In the off-season, officials of the Italian and Swiss ski teams publicly insinuated that Maier had used performance-enhancing drugs to help him add 10 kilograms (22 pounds) to his once-slight frame in the last three years.

But before the first race in Soelden, Maier denied those accusations, attributing them to frustration on the part of

his rivals, and said that he had been tested four times in 1998 and that his now muscles came from lugging the bricks he laid for a living when he had yet to find his place on the Austrian team.

After defending himself in Soelden, Maier strapped on his skis and went back to attacking on the course. He won the opening giant slalom by a typically large gap of 1.6 seconds. Maier will resume his season Friday with another giant slalom in Park City, Utah.

The women started competing on Thursday in the same resort, which will be one of the primary venues at the next Winter Olympics in 2002.

The United States will also play host to this year's world Alpine championships in Vail, Colorado, in February, but the American skiers are in no position to impress the home crowds.

Tommy Moe, whose only career downhill victory came very conveniently at the 1994 Olympics, has retired.

But the much larger blow to American skiing came during a race in March, when Picabo Street broke her left femur and tore ligaments in her right knee in a crash. Street, one of the most irrepressible and personable women in sports, had spent most of 1997 rehabilitating after another knee injury and had returned just in time to win the Olympic super-G gold medal in Nagano. She will not compete this season, but at 27, has no plans to retire.

Street's longtime rival, Katja Seizinger of Germany, the premier women's skier of the 1990s, is not nearly as comfortable in front of the camera, although she is every bit as audacious on skis. She, too, is in rehabilitation after suffering the first serious injury of her



Alexandra Meissnitzer running the giant slalom Thursday in Park City.

career — torn knee ligaments — during training in the off-season. Seizinger won two gold medals and a bronze in Nagano and the overall World Cup title last season, but in her absence, her teammate Hilde Gerg and Pernilla Wiberg of Sweden are among the favorites to take over her leading role.

Figure skating also will be seeking replacements this season. Tara Lipinski, the diminutive 15-year-old who upset former ber fellow American Michelle Kwan to win the gold medal in Nagano, has announced her retirement from Olympic-eligible competition and is skating in professional exhibitions. Pasha Grishuk and Yevgeni Platov of Russia, the two-time Olympic ice dancing gold medalists, have made the same choice.

Kwan, who hopes to compete in the 2002 games, is not skating a full schedule this season. Neither is Ilya Kulik of

MAJOR EVENTS THIS WINTER
— **SOCCER** — World Cup Finals, Dec. 30-Jan. 6, France
— **ALPINE SKIING** — World Championships, Feb. 18-21, Vail, Colo.
— **WORLD CUP FINALS**, Mar. 10-14, Sierra Nevada, Sp.
— **FIGURE SKATING** — European Championships, Jan. 25-31, Helsinki, Fin.
— **WORLD CHAMPIONSHIPS**, Mar. 22-28, Nagano, Japan
— **WORLD CUP FINALS**, Feb. 18-21, Oslo, Norway
— **HOLMENKOLLEN**, Mar. 20-21, Norway
— **WORLD CHAMPIONSHIPS**, Mar. 6-14, Melsungen, Ger.



An ailing Monica Seles stretching for a forehand against the erring Anna Kournikova in the first round of the Chase Championship.

Davenport and Seles Both Battle Through

By Robin Finn
New York Times Service

NEW YORK — Two points away from being bounced out of the opening round of the Chase Championships for the second consecutive year, Lindsay Davenport, who is already sure of finishing the year ranked No. 1, reminded herself how irritable she would be if she let her year finish on an unflattering note.

So pride prevented a first-round fall Wednesday night as Davenport, who trailed Sandrine Testud by 6-4, 5-4 before restoring order, scrambled into the quarterfinals at Madison Square Garden with a 4-6, 7-6 (7-4), 6-0 comeback.

Davenport's close encounter with premature defeat was far less painful than Monica Seles' opening night ordeal.

Unable to eat since Sunday night, when a flu bug took up residence in her stomach, and unwilling to do much of anything except sleep "for the last 50 hours," Seles nursed herself from

her sickbed Wednesday night and then won, helped by 17 double faults from Anna Kournikova.

Seles, grunting more out of discomfort than habit, soldiered to a 6-4, 6-3 victory that put her in a quarterfinal meeting with Steffi Graf, whose resurrection after her seventh surgery, has been nothing short of mastery.

Wednesday night, Seles put herself in harness with such discipline that she committed just five unforced errors, 31 fewer than her healthy opponent.

Kournikova, a purveyor of bruising ground strokes and graceful volleys, was inefficient when the task turned to holding serve. She lost the opening set with her ninth double fault, and quadruple double faults in the next-to-last game of the second set gave Seles the opportunity to serve out the victory at 5-3.

"I think if I'd served better, the match could've went a different way," said the loser, who seemed unaware that Seles was under the weather.

Lucky Laslandes Wins in Monaco

Compiled by the Staff from the Daily

Bordeaux won, 2-0, at fourth-place Monaco on Thursday to remain second in the French league.

Lilian Laslandes put Bordeaux ahead after only six minutes with his sixth goal of the season. Horve Alicarte, a Bordeaux defender, broke through on the left and his low ball into the goalmouth beat advancing goalkeeper Fabien Barthez and went in off the surprised Laslandes' shin.

Johan Micoud scored the second by lobbing the ball over Barthez.

EURO 2000 Northern Ireland twice hit back from a goal down against Moldova in Belfast to draw, 2-2, in qualifying for the European championships.

That draw gave Moldova its first point and lifted Northern Ireland above Germany into third place in Group 3.

In Belgrade, Pedrag Mijatovic scored to give Yugoslavia a hard-earned victory in Group 8 over Ireland as his team marked its delayed start to the European Championships with a victory and ended the Irish winning streak.

FRIENDLIES Brazil, fielding an experimental side, hammered Russia in Fortaleza, Brazil, 5-1.

The Russian team fielded only players from the Russian league. It took the field 24 hours after completing a 30-hour journey from Moscow and had to cope with a temperature change of 40 degrees centigrade.

Elber gave Brazil the lead after three minutes with his sixth goal in six full internationals. Amoroso scored his first two goals for Brazil and Marcos Assuncao hit his

first goal for his country. Rivaldo, one of three survivors from the 1998 World Cup team, scored with a penalty.

In Gelsenkirchen, Germany, the host, rallied in the second half to salvage a 1-1 draw against the Netherlands in an exhibition match.

Olaf Marschall scored for Germany in the 53d minute after Michael Reiziger had given the Dutch a well-served lead in the 22d.

Police reported no incidents between rival fans. (AP/Reuters, AFP)



Sylvain Wittord of Bordeaux, left, watching Monaco's Philippe Leonard in a French league game Thursday.

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POSTCARD

Spain's Treasure Chest

By Al Goodman
New York Times Staff

MADRID — The government finally unveiled the winning design for the most controversial part of the long-delayed expansion of the Prado Museum, but on the day of the announcement last week, the winner, Rafael Moneo, was out of town.

He was in New York to present his addition for the Museum of Fine Arts in Houston, one of his big U.S. projects, which also include the \$100 million Our Lady of the Angels Cathedral under construction in Los Angeles.

Moneo, 61, is arguably Spain's best-known architect, and now he must enlarge this country's most famous museum, a treasure chest of art plagued by years of official indecision over modernization. He says he and the museum are a perfect match.

"I have visited the Prado since I was a child and know well its problems, so for me it's a great source of satisfaction and responsibility," he said recently. "I'd like to put my architectural experience at the service of this project."

The Prado project, after two decades of debate, is more modest than earlier drafts. But it still aims to expand the 179-year-old museum from two buildings to five, in hopes of better showcasing its unparalleled collection of Velázquez, Goya, El Greco, Rubens and Hieronymus Bosch. It will also allow the museum to display hundreds of paintings now in storage.

Parliament promised in 1995 to remove politics from the state-run Prado, and to start by fixing the leaky roof of the neoclassical rectangular main building. It was designed by Juan de Villanueva and has been used since the

museum opened in 1819.

The \$14-million roof work has forced the 1656 Velázquez masterpiece "Las Meninas" to change galleries twice. But in the process, new space was created on the remote third floor to exhibit 18th-century European art.

Moneo will guide the expansion's most closely scrutinized phase, to cost at least \$25 million. In the first major addition in decades to the main building, he will add a glass-roofed foyer that will contain shops and the cafeteria, removing them from the main building and making more room for galleries.

The wedge-shaped foyer, in turn, will connect the main building to Moneo's planned Prado addition on the street behind. That new structure, with two underground levels topped by a four-story cube of red brick, will house temporary exhibitions, the library and restoration workshops.

The addition will incorporate the stone ruins of the 17th-century cloisters that royalty once used as a spiritual retreat. The Roman Catholic Church ceded the cloisters to the museum, but the adjacent Jeronimos Church will stay open for worship and for royal ceremonies and society weddings.

The architectural competition's jury lauded Moneo's plan as "discreet and controlled" in linking the main building to the cloisters in the aristocratic neighborhood.

Moneo has designed half a dozen other museums, including the rehabilitation of Madrid of the Villahermosa Palace for the Thyssen-Bornemisza Museum, which the Prado once coveted for its own expansion. He beat eight other competitors in the contest run by the government.

Stories to Tell: Growing Up as Castro's

By Mirta Ojito
New York Times Staff

NEW YORK — The only daughter of Fidel Castro walked into a midtown French restaurant looking disheveled, out of sorts, lost.

She was an hour and 20 minutes late. She said she'd lost her way to Times Square on the subway.

Like her father, Alma Fernandez, 42, has long fingers and a darkness in her eyes that makes her appear distrustful. Unlike her father, she has no power, no money, no home, not even a famous last name. But she has stories to tell.

And, as the children of famous men and women often do, Fernandez has written a book that has just been released — a tantalizing prospect for anyone who is curious about the private life of Castro.

Yet very little in the book is about Castro himself. "Castro's Daughter: An Exile's Memoir of Cuba," which has just been published in the United States, is the story of Fernandez and the Cuba she knew for almost 40 years, the years her father has been in power. "It is my biography, not his," she said. "But it is his name that sells, not mine."

Fernandez, who said she never had her father's direct telephone number, visited his house only once and spent very little time with him and his family, seven sons by three women. Since she left Cuba in 1993, disguised as a Spanish tourist with a false passport, the two have not spoken, she said.

But even before she left, relations were strained, in part because she did not like Castro as a father or as a political leader. In 1989, while still living in Cuba, Fernandez began to criticize Castro's government publicly and became a fixture in the dissident movement.

"I'm just another exile with a story to tell," she said, eyeing her bowl of lettuce with suspicion. "I'm nervous today, and when I'm nervous I can't eat."

Fernandez ordered a tuna salad, but she had the waiter return it to

the kitchen. Too big, she said. Instead, she asked for a glass of red wine. She fingered her cigarettes nervously and, as soon as the lunch crowd had left, she lit up and asked for coffee.

She has long had a troubled relationship with food. She said she was anorexic for a while and was once so sick that one of her four former husbands may have saved her life by putting bits of half-chewed food into her mouth, as if she were a bird.

"It is not easy being Fidel Castro's daughter," she said with a sigh. "In Cuba or here. When people see the child of their executioner, it reminds them of him. When I see his victims, I can't help feeling some remorse, some guilt."

There was pain in her voice, and a touch of boredom, too, as she told her story. Fernandez was born in 1956, from a liaison between Castro and Natalia Revuelta, a beautiful, rich socialite married to a doctor, Orlando Fernandez, who gave Alma his last name.

Revuelta fell in love with Castro, who was then married to a woman named Myrta Diaz-Balart, in the heyday of the insurrection that propelled him to power in 1959. The two met when Revuelta, who knew that Castro was an opposition leader, sent him a key to an apartment she kept in a ritzy Havana neighborhood so that he could use it to plan his underground activities.

When Castro was caught and sent to prison in 1953, Revuelta and Castro corresponded in secret until, one day, he mailed to his wife a letter intended for Revuelta and vice versa. Diaz-Balart filed for divorce and later left the country.

Once Castro seized control of the government, Fernandez also left the country, with the couple's older daughter, Natalie, leaving Revuelta in Havana with Alma. While Castro visited his mistress and daughter quite often in the early years of the revolution, he never offered to marry Revuelta and never treated his daughter as such.

By the time he offered to give his



Alma Fernandez: "I want it to end with the book."

daughter his last name, it was too late. Alma, then 12, told him she preferred hers.

As her book makes clear, Fernandez was the victim of her father's mood swings. Sometimes he appeared to care for her; most times, he ignored her. On occasion he brought her gifts. Balzac's complete works in French and a doll that looked like him. A few times, he called her to the presidential palace to admonish her for her rebellious character. But, Fernandez said, there was no pattern to his behavior, making it impossible for

her to even attempt to please him.

"I lived my life as if I were any other Cuban in a country with no food, no electricity, no good-paying jobs, no freedom to move, not even freedom to leave if you didn't like it," she said. "Being his daughter meant only that I was watched all the time."

But it also meant that despite her rebelliousness and obvious dislike of her father's government, she was never jailed, as many dissidents were. Nor was her life like everyone else's. Jobs were available when she wanted them, and competitive

Fernandez was punished. In Cuba, she was resented, not like her father, who wished they were everyone else. She had few and even fewer privileges.

"If the world knew the history of this young woman, perhaps her situation would be different," he wrote in a newspaper column in 1988, the year Fernandez began her desperate attempt to leave Cuba.

At the time, she was married to a Mexican citizen and wanted to travel to Mexico. Her father denied her request. The marriage ended in divorce. Eventually, aided by Spanish friends with ties to human rights groups, she left Cuba — and her only child, a daughter, Muriel. Soon after, Castro allowed his granddaughter to leave. Now 20, Muriel lives in Miami with her father.

After a brief stay in New York, Fernandez moved to Spain. She now lives in Madrid, the one place where she has found a measure of peace, and where, she says, she hopes she will one day be able to stop talking about the man people call her father and she calls Fidel.

"I want it to end with the book," she said. "But if it doesn't, I've come to terms with it."

Alice McDermott Wins National Book Award

New York Times Staff

NEW YORK — Alice McDermott, the author of "Charming Billy," a novel about Irish-Americans and the way a lost love can continue to haunt a life, was the surprise winner of the National Book Award for fiction.

The expected winner had been Tom Wolfe's "A Man in Full," a book about race and real estate in the New South. "Charming Billy" also beat another strong contender, "Damasus Gate" by Robert Stone, the story of a conspiracy to blow up the Temple Mount in Jerusalem.

The chairman of the judging panel for fiction, Thomas Mallon, said "Charming Billy" had "a voice like nothing we could recall. It found us. It was what we kept hearing."

McDermott, who lives in Washington, was a National Book Award finalist in 1987 for her novel "That Night."

The nonfiction award went to Edward Ball for his first book, "Slaves in the Family," about his search for the descendants of the slaves owned by his ancestors in South Carolina and his attempt to confront the moral burden of slavery. Ball, who was a columnist for The Village Voice, said he planned to use a fourth of his book's earnings to set up a foundation with both black and white members "to create restitution programs we design together."

The winner of the poetry award was Gerald Stern for "This Time: New and Selected Poems," a summary of a lifetime's work of poems about the city, memory and faith.

Louis Sachat won the award for young people's literature for "Holes," a humorous story of a teenager who is wrongly sent to a detention center.

The National Book Foundation, which administers the awards, gave John Updike, author of 49 books, the 1998 National Book Foundation Medal for Distinguished Contribution to American Letters and \$10,000.

PEOPLE

MICKEY MOUSE, the animated rodent in short pants, has turned 70. To mark the occasion, the Disney studio plans a four-hour birthday broadcast to be shown on two of its cable television channels. The company also unveiled a painting by John Hench, the official portrait artist of Mickey Mouse.

Hench first put the mouse on canvas in 1935 for Mickey's 25th birthday. Mickey Mouse was born on Nov. 18, 1928, in a cartoon entitled "Steamboat Willie" in which his creator, Walt Disney, was also his voice. Walt Disney once described Mickey Mouse as "a little fellow trying to do the best he could." At the beginning, Disney wanted to call his new creation "Mortimer," but apparently was overruled by his wife, who said the name lacked charm. She suggested "Mickey."

The actor Alain Delon has lost a bid to block publication of a biography of him. A judge in Paris ruled that a ban imposed in August on Bernard Viotet is contrary to freedom of expression because the final contents of the book are uncertain. Delon, who has seen a synopsis, accused Viotet of being a "spelunker of the garbage can" to get information.

Athina Roussel, the heiress to the Onassis shipping fortune, attended a memorial service to mark the 10th anniversary of her mother's death. The 13-year-old granddaughter of the late shipping mogul Aristotle Onassis placed 38 roses on her mother's grave, representing Christina Onassis' age at the time of her death. Her father, Thierry Roussel, accompanied her to the Ionian Sea island of Skorpios, a family spokesman said.

The French magazine Voici has been ordered to pay \$12,500 in damages to Trevor Rees-Jones, the bodyguard of Diana, Princess of Wales, for publishing an "interview" he says never took place. The magazine was also ordered by a court in Paris to publish the ruling in its next issue. Rees-Jones was the sole survivor of the 1997 crash that killed Diana, Dodi al Fayed and their driver, Henri Paul.

A Stradivarius violin was sold for \$529,500 (\$884,000) in London, below the price hoped for by Christie's auction house. It was bought by an anonymous private buyer over the telephone. Of about 1,000 violins made by the Italian instrument-maker Antonio Stradivari from 1670 to 1730, only 450 to 500 are still in circulation. One of them fetched a record \$247,500 at auction in London in April.



John Hench with his portrait of Mickey Mouse.



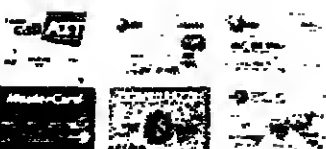
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